Final stage impact assessment

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1. Summary of proposal

The Railways Bill seeks to deliver on the government's commitment to create a unified and simplified rail sector with a relentless focus on customers, communities and value for the taxpayer.

It amends existing rail legislation introduced for and during privatisation to reform the governance of the GB rail sector, allowing for:

- The designation by the Transport Secretary of a new, operationally independent body – Great British Railways (GBR) – to act as directing mind for the railway, responsible for planning and operating passenger services and for managing infrastructure.
- The establishment of a passenger watchdog to champion improvements in rail services for passengers.
- Reform of primary and secondary legislation governing access to the railways to give responsibility for allocation, capacity and charging to the directing mind.
- Implementation of a new rail funding process to facilitate joined-up decision-making and reflect the directing mind's role as a single integrated organisation with responsibility for both track and train.
- A statutory role for Devolved Governments and mayors, so that GBR can draw on their experiences and expertise to manage, plan, and develop the network.

- A duty to promote the use of rail freight alongside the setting of rail freight growth targets. Also, a duty to ensure that GBR and all key sector bodies consider the interests of all passengers, including disabled passengers, when taking decisions.
- Regulations to reduce the costs associated with financing rolling stock.
- Regulations to enable reforms to the train driving licensing and certification regime in Great Britain.

The measures contained within the Bill are summarised in Chapter 4 of this Impact Assessment (Description of proposed intervention).

This legislation is a key enabler of the government's vision for rail reform and component of the Rail Sector Transformation Programme (RSTP). RSTP's aim is to transform the rail sector so it can deliver for the passenger, freight and the economy through a financially sustainable railway that works for passengers and efficiently moves goods. It aims to achieve this through the integration of track and train in one organisation, the creation of clearer accountabilities in the rail sector, and joining up decision making between rail and areas where decisions are taken locally. Activities being undertaken to deliver these aims include the redesign of the overall rail sector model (including the rail scope of the independent passenger watchdog and rail sector devolution); reform of the financial, accountability and access frameworks to enable GBR to succeed for passengers and taxpayers, and the design and establishment of GBR. Delivery is intended to bring six principal benefits to both the rail industry and the economy: reliability, affordability, efficiency, quality, accessibility, and safety.

The Railways Bill is central to delivery of these aims. It builds upon the Passenger Railway Services (Public Ownership) Act 2024, which made provision for passenger railway services to be provided by public sector companies instead of by means of franchised Train Operating Companies (TOCs).

This document provides an assessment of impacts of the changes that are proposed to be introduced through the Railways Bill. An assessment of anticipated impacts from the Passenger Railway Services (Public Ownership) Act 2024 can be found within the Impact Assessment that accompanied that legislation.[1]

2. Strategic case for proposed regulation

Problem under consideration

The government was elected with a manifesto commitment to reform the railways and bring them into public ownership. Now that the Passenger Railway Services (Public Ownership) Act 2024 has been passed into law, structural reform is required to end the current fragmentation of the railways and create clear lines of accountability to provide a railway that works better for passengers, freight customers and taxpayers across Great Britain.

[1] UK Parliament (2024). https://bills.parliament.uk/bills/3732/publications. Note that it was assessed that the Bill and associated Impact Assessment was not in scope of the Better Regulation Framework.

Fragmentation has long been identified as a problem by independent reviews of the sector (Williams 2019,[2] McNulty 2011,[3] and Shaw 2016[4]), reviews of major rail projects (Bowe 2015[5] and Hendy 2015[6], who is now the incumbent Rail Minister) and in the Report of the Laidlaw Inquiry (2012)[7]. Summary details of these reports can be found below:

Independent reviews of the sector –

- **McNulty 2011** – a report jointly commissioned by DfT and the ORR on how to improve the efficiency and value for money of the railway. Recommendations from the report indicated a need to:
    - Improve coordination, roles & responsibilities to address fragmentation
    - Increase alignment of organisations through reform of interfaces and stronger incentives to focus on cost reduction and deliver high-quality services.
- **Shaw 2016 –** an independent report outlining areas of focus on developing a railway more suited to growth and its users. Recommendations from the report were as follows:
    - Clarify the government's role in the railway and Network Rail
    - Plan the railway based on customer, passenger and freight needs
- **Williams 2019 –** this review was established to look at the structure of the whole rail sector and the way passenger rail services are delivered following the 2018 timetable crisis. There were numerous responses to the call for evidence expressing the need to overcome fragmentation through clearer roles for government and infrastructure management; simplification of industry structures; better integration between track and train; aligning risks and incentives; and setting clear objectives with clear lines of responsibility.

Reviews of major rail projects –

- **Bowe 2015 –** a report from a non-executive director at DfT commissioned by the Transport Secretary to focus on the planning of the rail investment programme. The report recommended clarifying organisational responsibilities and ensuring necessary capabilities are in place.
- **Hendy 2015** – a report from the Chair of Network Rail at the time (now the incumbent Rail Minister) which reviewed the deliverability of the enhancement programme in England and Wales up to the funding period in 2019. This report sets out the operational plans for these enhancements and sets out the need for rigorous governance and closer joint working with government to successfully deliver these projects.

Report of the Laidlaw Inquiry –

[2] Department for Transport (2019). https://www.gov.uk/government/collections/the-williams-rail-review
[3] Department for Transport (2011). https://www.gov.uk/government/publications/realising-the-potential-of-gb-rail
[4] Department for Transport (2016). https://www.gov.uk/government/publications/shaw-report-final-report-and-recommendations
[5] Department for Transport (2015). https://www.gov.uk/government/publications/bowe-review-into-the-planning-of-network-rails-enhancements-programme-2014-to-2019
[6] Network rail (2015). https://www.networkrail.co.uk/wp-content/uploads/2019/06/hendy-report.pdf
[7] Department for Transport (2012). https://www.gov.uk/government/publications/report-of-the-laidlaw-inquiry

- An inquiry commissioned by DfT into the lessons learned from the InterCity West Coast franchise competition failure. The inquiry sets out that the organisational structure and governance frameworks were confusing, overlapping, and unclear, which hampered efforts to conduct a fair competition.

Further detail on each review and related summaries can be found at the relevant links in the footnotes. There is a lack of integrated decision-making across 'track' and 'train' at all levels, ranging from strategy to delivery of change and day-to-day operations. A lack of single unified leadership in the sector has resulted in multiple interfaces, each requiring management, and systemic misalignment of objectives, which holds back innovation, confuses customers, and leads to inefficient decision making, which in turn inflates the long-term cost base.

There is also a lack of clear accountabilities, with uncertainty regarding who is responsible for areas such as integrated delivery or improving passenger experience and no accountability to passengers themselves. This, combined with fragmentation, means that there is no whole system accountability and that there is misalignment in incentives across the sector because each party optimises its own responsibilities. This results in inefficient outcomes (e.g. a reduced ability to respond to delays, which then impact on journey times of passengers).

The fragmentation is also evident where rail decisions interact with decisions taken at a local level. While many rail decisions today are made centrally, decisions in areas outside of rail, such as in housing and in other transport modes, are made locally. Central government and other decision-makers in the current rail sector model do not always have access to all relevant information, local knowledge and context, hampering the railway's ability to deliver the best outcome. This issue was identified in the Brown Review (2013)[8], which highlighted failings in the franchising system and recommended, among other things, further devolution of decision-making and responsibility for specifying passenger rail services to regional authorities.

Key impacts of fragmentation and lack of accountability include:

- unreliable performance and an inability to address systemic issues
- reduced focus on delivering an effective rail service for passengers and freight customers
- operational and financial inefficiency which result in non-optimisation of overall system value
- increased risk of operational and project delay/mismanagement
- duplication of roles, responsibilities and procurement, and a need to manage multiple interfaces
- lack of coordination and integration between modes at a local level

Economic rationale for intervention

There is evidence that this fragmentation and lack of accountability is impacting the railway in a variety of ways. These inefficient outcomes derive from market failures within the rail

[8] Department for Transport (2013). https://www.gov.uk/government/publications/the-brown-review-of-the-rail-franchising-programme

industry, including information and coordination failure, principal-agent issues, externalities, and productive inefficiency, which are described as follows.

1. Information and coordination failure

Fragmentation across the industry results in imperfect information whereby multiple parties do not have complete information to inform a decision, resulting in inefficient outcomes. Fragmentation also provides a coordination challenge and, where imperfect coordination across the industry results in inefficient outcomes, this represents a market failure.

The timetable change in May 2018 is one example of this. Services across the north and south-east of England were disrupted for many weeks after the late delivery of infrastructure improvements by Network Rail (NR), miscalculations by NR and operators in preparing timetable changes, and a failure of accountability and oversight throughout the process, which led to material and widespread disruption for passengers in the weeks following the timetable change. The Office of Rail and Road (ORR) inquiry found that the timetable change led to a disproportionate level of disruption on services operated by Govia Thameslink Railway (GTR) and Northern Rail, with some knock-on effects on other operators.[9] In particular, the report found that:

- The percentage of trains cancelled increased by 7.5 percentage points for GTR and by around 6 percentage points for Northern Rail for the two weeks after the timetable change (compared with the two weeks before the change), before recovering somewhat in the following three weeks once a revised timetable was introduced. For both GTR and Northern Rail, more than one in ten trains did not run in the immediate aftermath of the timetable change.

- For those trains that did run there were considerable performance impacts: the number of delay minutes (that were attributable to the operator itself) increased by more than three times for GTR and more than two times for Northern Rail in the first week after the timetable change.

- These disruptions led to a sharp increase in passenger complaints and delay repay compensation claims across both operators.

- The disruption to GTR and Northern services had a knock-on impact on services provided by other operators, particularly TransPennine Express (TPE), East Midlands Trains, and Virgin Trains East Coast. The number of delay minutes on TPE's services that were attributable to other train operators increased more than three-fold in the first week after the timetable change and did not return to normal levels until the fifth week after the change.

The ORR's independent inquiry that followed this found that the crisis was foreseeable, but that complex accountabilities and weak oversight meant decisions by different parts of the system lacked due regard for the effects on the network as a whole. It found that no-one

[9] Office of Rail and Road (2018). Annex E: ORR service performance data. https://www.orr.gov.uk/media/17106

took charge, either to prevent the timetable collapse or to mitigate its effects on passengers once it had happened.[10]

Another example is the repeated failure to coordinate to produce new timetables on the East Coast Mainline (ECML). The May 2022 timetable change on the ECML was intended to be the first full timetable rewrite since 2011. After being postponed a number of times, it was announced the timetable would be introduced in December 2024, but that was subsequently postponed again due to there being too many outstanding issues[11].

This impacts rail users, critical regional connections, and the wider economy, despite the very large investment provided by taxpayers. In some cases, coordination failures limit government's ability to realise benefits from these investments. For example, £4 billion in new rolling stock and infrastructure upgrades had been invested to enable additional services to operate on the ECML. However, returns on this investment have not yet been achieved as a result of postponement of the timetable changes.[12]

Ultimately, this has been the result of fragmentation of management of responsibilities for allocating capacity, where the Office of Rail and Road (ORR) is the de facto "manager" of track access, but NR bears most of the consequential risk related to track access decisions. Additionally, the current model results in a lack of long-term thinking, with operators not having a stake in the success of enhancement investments as they may not see future benefits of current investment decisions. This fragmentation of responsibilities has led to unresolved issues that have delayed the timetable change, with a lack of whole-system decision-making meaning there was insufficient coordination across the series of interconnected programmes and industry processes which delivery of the timetable change relied on. This is because the fragmented system has created an environment where there is no single body that can make informed decisions in relation to capacity because each relevant party (NR, ORR, Department for Transport Operator [DfTO] TOCs, Freight/Open Access) have only partial exposure to risk, leading to inefficient coordination. NR is exposed to performance risk, the government is exposed to revenue risk from operators on the national network, and the ORR is required to ensure fair competition. An integrated railway would be exposed to a fuller range of capacity-related risks and would therefore be better placed to be accountable for the management of these risks in the round.

At a local level, information and coordination failures exist between rail and other public transport modes. As operators run their own routes, there is a disconnect between services run by other operators and other modes of transport. Many decisions about other public transport modes are made at a local level, while rail decisions are typically made centrally. The National Transport Survey found that for England in 2023, 50% of public transport trips were multi-modal (involving more than one transport mode, including non-public transport modes and walking), while 13% of public transport trips involved more than one public transport mode. Surface rail was the most commonly used public transport mode within

[10] Office of Rail and Road (2018). Independent inquiry into the timetable disruption in May 2018. https://www.orr.gov.uk/sites/default/files/om/inquiry-into-may-2018-timetable-disruption-december-2018-report-grayscale.pdf
[11] House of Commons Library (2024). https://commonslibrary.parliament.uk/research-briefings/cbp-10073/
[12] House of Commons Library (2024). https://commonslibrary.parliament.uk/research-briefings/cbp-10073/

multi-modal trips, indicating the importance of integrating rail with other modes.[13] However, there are often barriers to integration between rail and other modes, such as lack of multimodal coordination, which is exacerbated by central government not having the information, local knowledge and context to understand issues at a local level.

2. Principal-agent issues

Principal-agent issues arise where one party (the principal) contracts/hires another party (the agent) to do something on their behalf, but there are misaligned interests between the two parties, meaning the agent's interests do not fully align with the principal's.

Rail is currently delivered by organisations within the industry, on behalf of the government. The existence of multiple agents, imperfect information, fragmented accountabilities and the inability to contractualise all requirements onto the agents, means that government priorities and objectives are not sufficiently factored into industry decision-making around the operation of the railways.

For example, operators are incentivised to focus on their own revenue and costs, while NR is incentivised to focus on infrastructure upgrades and maintenance. Operators and NR are also subject to very specific incentives, such as performance scorecards and delay compensation payments, so the incentives faced by the industry are wide-ranging and complex. Since the pandemic, the Department for Transport (DfT) contracted with private sector operators through Emergency Measures Agreements (EMAs), Emergency Recovery Measures Agreements (ERMAs), and, more recently, through National Rail Contracts (NRCs). Under these contracts, operators bore reduced financial risk and had limited control over revenue and costs, earning a fixed fee plus performance-based incentives.

While performance mechanisms can help with mitigating principal-agent problems, those used within the rail sector are difficult to change and are subject to limitations, in some cases disincentivising desired behaviours. For example, in cases where responsibility for an incident is allocated to a different party, a train operator can be rewarded financially when disruption is extended and service recovery is slow. Compensation schemes also disincentivise the infrastructure manager from maximising system capacity because the reactionary delay from incidents, and associated regime cost, is greater on a congested network. This means that such mechanisms do not align incentives between different parties in the rail sector.

As a result, train operator and NR incentives are often misaligned with each other and with government priorities in the current system. The ORR's inquiry found that there was insufficient consideration of passenger interests when assessing delivery risk in the infrastructure programme and timetable planning processes ahead of May 2018.[14] Concentrating accountability in a smaller number of organisations will allow better alignment of incentives within the industry and better enable the achievement of key objectives.

[13] Department for Transport (2024). National Travel Survey 2023. https://www.gov.uk/government/statistics/national-travel-survey-2023/nts-2023-mode-share-and-multi-modal-trips. NTS09043: Public transport end to end journeys: https://www.gov.uk/government/statistical-data-sets/ad-hoc-national-travel-survey-analysis#miscellaneous

[14] ORR (2018). https://www.orr.gov.uk/sites/default/files/om/inquiry-into-may-2018-timetable-disruption-december-2018-report-grayscale.pdf

Additionally, conflicting priorities and lack of accountability can also result in the allocation of resources towards disputing issues arising from the principal agent problem, rather than seeking to resolve them. For example, a 2020 report found that NR and TOCs employ hundreds of full-time staff to establish who is responsible for delays.[15] This leads to inefficiency for users and government.

There is a necessity for clear lines of accountability for GBR so that it is incentivised to deliver high-quality, reliable, and customer-focussed services, aligned with government objectives and in the absence of market-driven incentives once operators are brought into the public sector.

3. Externalities

Where fragmentation and lack of accountability within the industry lead to spillover effects on external parties such as passengers, freight users, the wider population, or the economy, this represents an externality that industry has little incentive to correct.

A negative externality refers to the imposition of a negative impact on a party who is not directly involved in a transaction or economic activity. In rail, passengers and freight users are negatively impacted (e.g. by delays) which are a result of operational issues within the industry. According to NR's Public Performance Measure (PPM), 87.1% of trains were punctual at their final destination in the latest quarter (April – June 2025). This means that one in every eight trains is delayed – a figure that has seen little improvement in recent years – and cancellations have continued to trend upwards.[16] This represents a negative externality because the costs are distributed beyond the initial cause of the disruption. For example, delays to a service run by one operator can lead to knock-on delays to other operators, which can impact a wider set of users and the wider economy. While performance mechanisms can go some way to addressing these externalities, these mechanisms are difficult to change, often fail to take account of nuances, and it is not possible to perfectly estimate the scale and range of impacts on third parties, meaning that externalities are mis-priced and are not fully internalised within decision making.

Integrating decision making into a single body with clear outcome focused objectives and holding it to account for delivering them can provide a more powerful mechanism to incentivise GBR to consider such externalities and internalise them within decision making.

GBR will be the single body responsible for delays and performance impacts from GBR operated trains, and the knock-on impacts to passengers in terms of delays and cancellations. Setting passenger experience and operational performance targets for GBR, in line with the long-term rail strategy, and monitoring key performance indicators will provide greater certainty that GBR considers the full cost of these externalities. Accessibility and the environment are other areas where negative externalities of decisions exist within the rail sector, which could be mitigated through clear objectives and accountabilities for GBR.

[15] Rail Delivery Group (2020). https://www.orr.gov.uk/sites/default/files/2020-09/rdg-delay-attribution-review-report-2020-09-28.pdf
[16] Office of Rail and Road (2025). https://dataportal.orr.gov.uk/statistics/performance/passenger-rail-performance/

There are also positive externalities (where there is a positive impact on a party who is not directly involved in a transaction or economic activity) associated with the rail sector. For example, increased rail use can lead to reduced road congestion and environmental benefits (compared with use of other modes). Improved rail services can also support productivity and contribute to economic growth. Without government intervention, organisations within the rail sector would not be incentivised to consider these positive externalities within their decision making.

4. Productive inefficiency

There is overlap and duplication of roles and functions across multiple industry bodies. Fragmentation between organisations also means that there is duplication in procurement within the industry supply chain that results in inefficiency. The lack of integration and coordination, with each organisation focusing on its own success, also drives cost inefficiencies.

This is supported by econometric evidence (e.g. Mizutani et al., 2015,[17] Cantos, 2012,[18] Fitzová, 2022[19]) which has studied the impacts of industry structure on cost efficiency for European and East Asian railways, among which there is a mix of structural types including full integration, vertical separation, and horizontal separation. These studies found that vertical separation (separation between track and train) causes cost inefficiencies compared with vertical integration in highly utilised networks like Great Britain. This evidence cites coordination issues associated with misalignment of incentives as the primary driver of these inefficiencies, which drives the result that vertical integration becomes relatively more efficient as network usage density increases. While transaction costs between organisations also contribute to inefficiencies, these are relatively smaller in scale.

Coordination inefficiencies arising from vertical separation can be offset by reduced costs where privatisation is intended to lead to greater competition and therefore greater efficiencies. However, operators are not generally competing against each other as they run their own routes, and the UK rail sector has achieved limited competition at franchise stage.

The government provides considerable funding to the rail industry in Great Britain, which has increased in recent years, as demonstrated in Figure 1 below. This is particularly the case since the pandemic, which led to substantial reductions in passenger demand (and, therefore, industry revenue), while costs remained relatively unchanged as the industry continued to operate services, as demonstrated in Figure 1 below. Total operational funding to the railway was £12 billion in 2023-24, over double the level of support before the

[17] Mizutani, F., Smith, A.S.J., Nash, C.A., Uranishi, S. (2015). Comparing the costs of vertical separation, integration, and intermediate organisational structures in European and East Asian railways. Journal of Transport Economics and Policy, 49 (3), pp. 496-515. https://eprints.whiterose.ac.uk/id/eprint/82986/3/finalversionNovember2014%5B1%5D.pdf

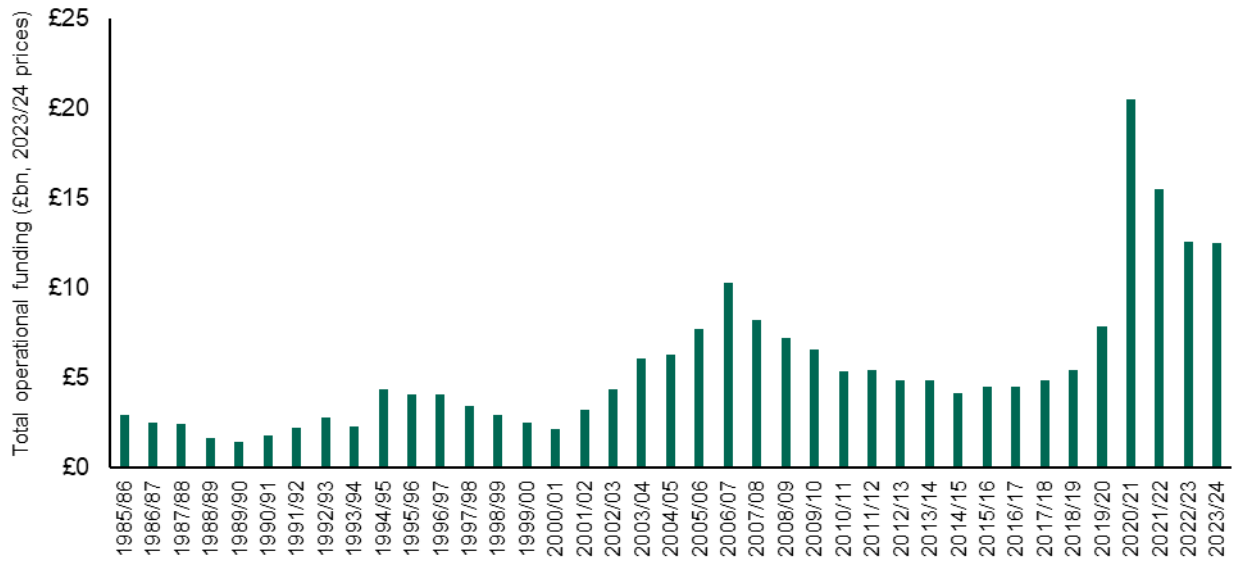
[18] Cantos, P., Pastor, J.M., and Serrano, L. (2012). Evaluating European railway deregulation using different approaches. Transport Policy, 24, 67-72. https://www.sciencedirect.com/science/article/abs/pii/S0967070X12001291

[19] Fitzová, H. (2022). Has European Rail Policy Improved The Efficiency of European Railways? Journal of Transport Economics and Policy, 56(4), 445-463. https://www.ingentaconnect.com/contentone/lse/jtep/2022/00000056/00000004/art00005

pandemic, placing a significant and ongoing financial burden on the taxpayer. This means that there is a significant public interest in ensuring efficiency within the rail sector.

In 2023-24, NR spent approximately £1.2 billion on support costs in Great Britain. Support costs relate to the auxiliary activities NR needs to undertake in order to facilitate the core business, include HR, utilities, and IT and business services.[20] In the same year, TOCs spent almost £4.1 billion in staff costs, and approximately £2.8 billion in other operational expenditure not related to rolling stock or access charges.[21] These figures demonstrate the scale of staffing costs and support costs across the industry, and at present, all back-office systems (e.g. HR and payroll) and functions (e.g. marketing, administration and helpdesks) are separate across each TOC and NR. GBR will be able to rationalise back-office systems and increase purchasing power through economies of scale, which has the potential to drive significant efficiencies. Removal of duplication has the potential to reduce this type of inefficiency and contribute financial savings to government.

Figure 1. Total operational funding to the rail sector, £bn (2023-24 prices).[22]



Necessity of government intervention

As described at the start of this section, there have been multiple reviews into the functioning of the rail sector. Several attempts have been made to address market failures within the rail sector and there have been several attempts to mitigate market failures within the franchising model. For example:

- The use of market mechanisms, such as performance regimes and passenger compensation, has sought to align incentives across the industry.

[20] Network Rail (2024). https://www.networkrail.co.uk/wp-content/uploads/2016/11/Network-Rail-Regulatory-Financial-Statements-2024.pdf
[21] Office of Rail and Road (2024). GB rail industry finances by country and NR region. https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/table-7214-gb-rail-industry-finances-by-country-and-nr-region-latest-year/
[22] Office of Rail and Road (2024). Government support to the rail industry. Total operational funding was £12.4bn in 2023-24 and £5.4bn in 2018-19 (2023/24 prices). https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/table-7270-government-support-to-the-rail-industry/

- The use of performance monitoring by the ORR has intended to reduce information asymmetry and increase accountability.
- Contract design has sought to align incentives through risk sharing mechanisms and incentives to correct for externalities.
- The introduction of open access operators (OAOs) has encouraged competition in some parts of the network.

There have also been attempts at franchise reform,[23] proposals to increase integration through alliances,[24] and reforms to Network Rail.[25] However, whilst activities such as alliances have delivered some benefits, they have failed to address the fundamental issues with the structure of the railways and maintained the existing system of misaligned incentives and complex accountabilities, in which there were repeated franchise failures. Having implemented legislation to end the franchising model and bring these services into public ownership it is now necessary to ensure that best public structure to deliver best outcomes is in place.

Therefore, to address the problems of fragmentation and lack of clear accountability, structural reform of the railways is necessary. Legislation is required to create GBR and give it the powers it needs to bring together decisions on infrastructure and operations ('track and train') in a single organisation that will provide strong unified leadership for the sector and end the current fragmentation. To ensure that GBR is fully accountable to Ministers and its customers, legislation is needed to change the roles and responsibilities of the Transport Secretary and the ORR, and establish a passenger watchdog, to be an independent champion for passenger interests and to help ensure GBR and other rail operators deliver for, and are accountable to, their customers.

Without further government intervention, the amendments made by the Passenger Railway Services (Public Ownership) Act would bring private sector operators into public ownership, but fragmentation of decision-making would remain across 'track' and 'train', meaning that the systemic problems identified above would not be addressed.

If legislation was not to proceed, work would need to be done to reverse the preparations made for the creation of GBR. The existing rail system which was created for a privatised railway but amended by the Passenger Railway Services (Public Ownership) Act to allow public ownership would persist. This system was only ever intended as a stopgap measure, and without the Railways Bill a wider system built around the principle of private sector franchising would continue, contradictorily without legal possibility for franchises to be awarded to private sector operators.

[23] Department for Transport (2012). Reforming our railways: putting the customers first. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/4216/reforming-our-railways.pdf [p.72]
[24] Department for Transport (2012). Reforming our railways: putting the customers first. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/4216/reforming-our-railways.pdf [p.75]
[25] For example, in 2014, Network Rail was reclassified as a Central Government body. https://www.networkrail.co.uk/industry-and-commercial/third-party-investors/debt-investor-relations/information-for-investors/ [Accessed May 2025].

3. SMART objectives for intervention

The benefits table (Table 13) in Section 8 sets out a range of high-level benefits for the Rail Sector Transformation Programme, alongside an initial assessment of potential metrics that could be used to assess the sector's progress against them. These include, but are not limited to, metrics that assess passenger experience, freight usage, cost savings and revenue enhancements. The immediate and direct objective for the proposed intervention is to resolve the issues around fragmentation, including in decision making at a local level, and accountability that are identified in section two as these directly impact the high-level benefits and potential metrics the intervention seeks to achieve. In particular:

i. **Integration of track and train in one organisation.**

   Integrating track and train into a single organisation responsible for managing access to and use of most railway infrastructure and operating government-funded passenger train services, will reduce fragmentation in the sector and will address coordination and information failures within the industry. It will, alongside objective ii, contribute to mitigating the principal-agent issues identified in Section 2 by aligning incentives. It will reduce the inefficient decision making that arises from the fragmentation between infrastructure and operations, which will seek to address the externalities identified in Section 2. It will give this new organisation the ability to address systemic issues and performance unreliability to improve passenger satisfaction. It will also reduce duplication, contributing to greater financial and productive efficiency.

ii. **Clearer accountabilities in the rail sector.**

   Achieving clearer accountabilities in the rail sector will end the uncertainty over who is responsible for key decisions and outcomes. It will, alongside objective (i), contribute to mitigating the principal-agent issues identified in Section 2 by clarifying incentives, reducing the number of industry bodies, and ensuring each organisation has its own clearly defined objectives. This will in turn lead to more efficient outcomes and a clearer understanding for rail users of who is in charge. It will also reduce duplication across bodies and ensure that there is focus on delivering an effective service for passengers and freight users.

iii. **More joined up decision making between rail and areas where decisions are taken locally.**

   More joined up decision making between rail and areas where decisions are taken locally will address the fragmentation in decision making at a local level. It will ensure that rail decisions are taken at the appropriate level - aligned to other areas where decisions are taken locally, such as in housing and in other transport modes. This will contribute to mitigating coordination and information failures at a local level, leading to improved passenger experience.

Table 1 below details how these objectives are SMART:

Table 1: SMART Objectives breakdown

	Objective		
SMART Component	i	ii	iii
Specific	There should be significantly fewer breaks in the value chain in the delivery of services.	There should be a clear accountability structure that is linked to the provision of services and exercising of other sector functions.	There should be more opportunities in the system for devolved governments and mayors to feed into GBR processes.
Measurable[26]	The number of organisational boundaries that the value chain needs to cross.	The number of overlapping accountabilities in the system for the provision of key services and in the delivery of the value chain.	Evidence that local transport plans of (Mayoral Strategic Authorities (MSAs) have been considered by GBR and the number of partnerships it has with Mayoral Strategic Authorities (MSAs).
Achievable	Industry and government have consulted widely and are putting in place the resources to support the transition.	It is possible to achieve clearer accountability through appropriate systems design, implementation, and skills matching.	The new statutory role for devolved leaders will ensure that GBR is set up and designed in such a way that facilitates integrated decision making that takes into account local transport strategies.
Realistic	There are multiple international examples of integration between track and train being feasible.	Other high functioning complex systems have achieved this level of accountability.	Much of the decision making in other transport modes already takes place at a local level.
Time-limited	This objective will be achieved when track and train are integrated into a single body. This is intended to be	This objective will be achieved when lines of accountability are set within a new industry structure. This is intended to	MSAs are already being engaged on the Mayoral Partnerships Framework and the right to request

[26] Achievement of these objectives can be tracked by comparing models of the industry structure before and after the proposed intervention. This could be assessed on the basis of diagrams demonstrating the structure and lines of accountability within the industry. For example, using diagrams of the form that were previously published in the Williams-Shapps Plan for Rail (2021, p.50). https://assets.publishing.service.gov.uk/media/60cb29dde90e0743ae8c29c1/gbr-williams-shapps-plan-for-rail.pdf.

	achieved by 2027, but it will take some further time for benefits to be realised fully.	be achieved by 2027.	further devolution. The statutory role will be delivered upon legislation being passed and new partnerships will be agreed and benefits realised on an ongoing basis once GBR is established (intended in 2027). Current engagement will enable progress to be made quickly once legislation is passed.

These objectives will be achieved once GBR is set up, the industry structure is in place, and the statutory role for devolved governments and MSAs is delivered (intended for 2027). Once achieved, they can be expected to contribute to the wider objectives that were set out in the government consultation outlining reform proposals *A Railway fit for Britain's Future*[27], published by the Government in February 2025, as the key objectives for the wider programme of reform, which are as follows:

i. **Reliability:** so that people can have confidence in their journey.

ii. **Affordability**: so that prices are kept, wherever possible, at a point that works for both passengers and taxpayers.

iii. **Efficiency:** so that people know their journey will be as straightforward as possible, from booking to travel, and to provide better value for the travelling public and taxpayer alike.

iv. **Quality:** so that passengers have the service experience they have a right to expect.

v. **Accessibility**: so that our railways are available for everyone to use.

vi. **Safety:** so that people do not worry about their safety on the railway and are not in fear of accidents or crime when travelling.

Section 8 sets out the expected high-level benefits of the programme, the delivery of which will support the achievement of these six rail objectives. The potential metrics referenced in Section 8 could be used to measure the delivery of the high-level benefits and to assess the extent to which the rail objectives are being achieved. It should be noted that, while the set up of GBR and the new industry structure is intended to be achieved in 2027, it will take

[27] The Labour Party (2024). https://labour.org.uk/wp-content/uploads/2024/04/GETTING-BRITAIN-MOVING-Labours-Plan-to-Fix-Britains-Railways.pdf

some further time to realise the benefits and rail objectives, and to assess the extent to which they have been achieved.

Achieving these objectives will support wider government missions. For example, achieving these objectives will facilitate economic growth by creating an efficient, modern railway that unlocks the potential of towns, cities, and businesses across the country. An affordable, reliable railway will bring new markets and job opportunities closer to those who stand ready to make the most of them, supporting the ‘Place’ pillar for growth. Achievement of these objectives will also support breaking down barriers to opportunity by supporting connectivity and promoting rail as a viable public transport option. Achieving the six objectives for rail reform is also likely to support the net zero pillar of the growth mission, as mode shift to rail from more polluting forms of transport would reduce carbon emissions and improve air quality in the longer term.

4. Description of proposed intervention option and explanation of the logical change process whereby this achieves SMART objectives

The Railways Bill will progress reform of the rail sector, building on legislation already passed through the Passenger Railway Services (Public Ownership) Act 2024. It provides for:

- Leadership for Britain's Railways: the establishment of Great British Railways, responsible for both the management of railway infrastructure and delivery of passenger services.
  Great British Railways (GBR) – will be at arm's-length from Ministers with real independence to make customer, planning and operational decisions nationally and at local levels. It will be steered by the long-term goals, objectives and strategy set by and with oversight from the Transport Secretary. GBR will be required to balance key commercial, economic, and social objectives.

- A strong voice for passengers: the creation of a passenger watchdog.
  The watchdog will be formed out of Transport Focus (TF), through the issuance of further statutory powers to TF, namely:
  - The ability to issue advice to the Transport Secretary, GBR and other delivery bodies (with specific roles to advise on strategies, business plans and policies).
  - The setting of minimum standards for passenger experience, to be referred to in GBR's licence and that of other operators.
  - Alternative dispute resolution (through sponsorship of the Rail Ombudsman).
  - A specific role in driving up accessibility standards, by monitoring how services are delivered to disabled passengers and advocating improvements where issues arise.

- Making best use of the rail network: establishing a new capacity allocation and charging framework based in primary legislation governing access to and management of railway infrastructure
  GBR will assume responsibility for access and charging decisions, which it will take in accordance with a series of statutory duties and measures intended to make best use of the rail network, aligned with the long-term rail strategy and any guidance issued by the Transport Secretary and having regard to strategies issued by the Scottish and Welsh Governments, while ensuring fair access for freight and open access operators. The role of the ORR will change from that of a decision-maker to an appeals body, responsible for ensuring the fair and proper execution by GBR of its role as decision-maker on access and charging.

- The modernisation of rail fares, ticketing and retail.
  GBR will take over from train operators as the body responsible for setting fares for the services it operates and collecting revenue. GBR will also be empowered to retail

tickets alongside and in competition with third-party retailers. OAOs and devolved operators will also have the option to continue retailing tickets and rail products as they do today and will also remain responsible for setting fares for services they operate. GBR will be enabled to deliver industry-wide modernisation and reform of the fares landscape inherited from privatisation. Legislative mechanisms will preserve the effect of existing provisions in the Railways Act 1993 ensuring that fares are set at an appropriate and reasonable level, and the continuation of provision of fare discount schemes targeting young, senior and disabled persons.

- Devolution: A statutory role for devolved governments and MSAs in governing, managing, planning, and developing the rail network.
  The Railways Bill will create a statutory role for devolved governments and MSAs in governing, managing, planning and developing the rail network. The statutory role will ensure national and local strategies are factored into GBR decision-making. GBR will also be applied statutory duties that will set out the requirement to regard the Transport Secretary's long-term rail strategy, the Scottish Ministers' Rail Strategy, the National Transport Strategy of Welsh Ministers, and local transport plans/strategies of MSAs in England.

- Future facing regulation: Regulations to reduce the risks and costs associated with financing rolling stock
  The Luxembourg Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Railway Rolling Stock (Luxembourg Rail Protocol), signed by the UK in 2016, looks to implement a new international system which aims, on a voluntary basis, to provide more security for creditors financing rolling stock in participating jurisdictions by reducing the level of risk to the financiers involved in these transactions and providing greater security over their interests. The Railways Bill introduces a power for the Transport Secretary to make secondary legislation so that the UK can implement the Luxembourg Rail Protocol, and then ultimately ratify it using the Constitutional Reform and Governance Act 2010 (CRAG).

- Future facing regulation: Regulations to reform the train driving licensing and certification regime
  The Transport Secretary will have powers to amend, update and revoke provisions in the Train Driving Licences and Certificates Regulations 2010 (The TDLCR) and associated train driving assimilated law, which sets out the requirements to be a mainline train driver in Great Britain. These powers will enable the Transport Secretary to implement reforms to the TDLCR and keep pace with developments in this area in the future. The Transport Secretary will be required to consult publicly on any legislative changes that are proposed to the regime. Subject to any consultation on future proposals, reforms could improve train driver recruitment and retention, reduce burdens, support safety outcomes, and improve the operational effectiveness of the TDLCR. Power will also be given to specified/described persons to make relevant provisions in a separate document, which will provide the regime increased adaptability and allow general and technical requirements to be updated expeditiously when the need arises. This power will also be subject to consultation and the affirmative procedure.

Table 2. Summary of proposed changes and contribution

Proposed measure and description	**Regulatory provision?**[28]	**Is this an extension of an existing regulation, or otherwise applies tried-and-tested methods?**	**How the measure is contributing to objectives**
Leadership for Britain's Railways			
Designation of GBR Creates a power for the Transport Secretary to designate a corporate entity as Great British Railways through secondary legislation.	No – only impacts a public body	No	Integration One body will be made responsible for both the management of infrastructure and the delivery of passenger services. Accountability A clear point of accountability will be created for delivery in the rail sector. Setting GBR's functions out in primary legislation will make it accountable. Efficiency The designation of a company within the Network Rail Group as GBR will enable it to be established swiftly and avoid complex transfers of staff, contracts and assets.
GBR Statutory Functions and General Duties Provides for GBR's statutory functions, including giving GBR the power to charge for exercising them, alongside the proposed establishment of a set of 'general duties' to be shared, where appropriate, by GBR, the ORR, the Transport Secretary and, subject to their agreement, by Scottish and Welsh Ministers.	No	No	Integration GBR's statutory functions will reflect the integration of track and train within primary legislation to provide GBR with the required legislative footing to manage infrastructure and deliver passenger services. Accountability GBR's statutory functions will create a clear point of accountability for delivery within the reformed rail sector. Further, GBR's statutory functions, duties and requirements will enable the organisation to act as the directing mind, while also creating the appropriate accountability mechanisms and controls to ensure that GBR delivers in the interest of railway users, taxpayers, network funders and other elected bodies. Reliability GBR's functions and statutory duties will reflect GBR's role as the directing mind, with responsibility for both track and train, thereby creating a clear point of accountability. This in turn should contribute to the improvement of railway reliability through simplifying the accountability landscape and facilitating improved coordination between infrastructure management and passenger and freight services.

[28] Based on definition of regulatory provisions within the Better Regulation Framework (2023, p.6). https://assets.publishing.service.gov.uk/media/67587ba55a2e4d4b993bfa83/better-regulation-framework-guidance-2023.pdf

Note: GBR will be applied further duties/legislative requirements that are not captured within the proposed list of general duties (e.g to support access reform).			Quality A general duty on performance will be applied to GBR, which reflects the Rail Minister's commitment to the House of Lords on 20 November 2024. This duty is intended to promote the achievement of high standards of performance in the interests of passengers, users of freight, and other third-party passenger operator users of the network. Accessibility A statutory duty will be applied to GBR to promote the interest of passengers, including those who are disabled. Moreover, GBR as an Arms-Length Body will be subject to the Public Sector Equality Duty (PSED). Therefore, GBR will be subject to the related statutory requirements under the Equality Act 2010, with the Equality and Human Rights Commission (EHRC) monitoring and enforcing GBR's compliance with these. Safety GBR will be subject to existing safety legislation that supports the operation of the railway. In addition, the ORR, the Secretary of State and the Scottish and Welsh Ministers will be under a duty to take into account the need to protect all persons from dangers arising from the operation of the railway when exercising their functions relating to railways and railway services. The measures proposed should provide further potential to improve network safety through establishing GBR as the directing mind responsible for track and train.
GBR Licence Creates a power for The Transport Secretary to issue a single railway licence to GBR (covering all its assets) and sets out the process for modifying the licence.	No	Yes - The licensing of railway companies is an established process set out in the Railways Act 1993 and Railway (Licensing of Railway Undertakings) Regulations 2005.	Integration GBR will be issued a single licence that can cover activities across the assets it operates as an integrated rail body, thereby cementing the integration of track and train. Accountability The licence will provide a streamlined, transparent and enforceable means of setting GBR's accountabilities for priority areas and overseeing GBR's delivery of these.
Directions and Guidance Grants the Transport Secretary the statutory power to issue directions and guidance to GBR to enable the Transport Secretary to make proportionate strategic interventions to drive performance	No	Yes - Section 118 and 119 of RA93 already enable The Transport Secretary to give directions to owners and operators of railway assets and providers of services to prevent acts of violence. Furthermore, it is based on an equivalent power	Accountability Directions and Guidance will ensure that GBR's day-to-day operational independence is respected, while enabling the Transport Secretary to intervene in response to an unforeseen exceptional circumstance. They will also enable the Transport Secretary to ensure GBR's policies are aligned with broader government objectives, holding GBR to account in an appropriate and proportionate way. Scottish and Welsh Ministers must consent to the Secretary of State's directions and guidance where the direction or guidance is regarding the railway passenger services designated to Scottish and Welsh Ministers. Reliability; Affordability; Efficiency; Quality; Accessibility; Safety

improvement for passengers and freight and respond swiftly and decisively to unforeseen, exceptional external events.		of the Transport Secretary to give directions and guidance to National Highways (Infrastructure Act 2015, s.6).	Directions and Guidance will provide the Transport Secretary with last resort levers to make proportionate strategic interventions to secure delivery of their six key objectives for the railway. The requirement to seek consent from Scottish or Welsh Ministers will not infringe these Transport Secretary's levers as the requirement to obtain Scottish or Welsh Minister consent is limited to directions or guidance that is regarding the railway passenger services designated by them under the Bill.
Directions and Guidance (Scottish Ministers) Scottish Ministers will have the power to issue and publish directions and guidance to GBR about how it is exercising its statutory functions so far as they relate to Scottish Railway activities. GBR will be required to comply with issued directions.	No	No	Accountability Scottish Ministers powers will relate only to Scottish railway activities in Scotland. The Secretary of State must first consult Scottish Ministers before revoking a direction. The Secretary of State will have the power to revoke a direction of Scottish Ministers where it is inconsistent with directions issued by the Secretary of State; where it appears the direction will affect railways activities outside Scotland; or otherwise where the direction appears to affect a reserved matter or matter for which Scottish Ministers do not have functions. Reliability; Affordability; Efficiency; Quality; Accessibility; Safety Directions and Guidance will provide Scottish Ministers with last resort levers to make proportionate, strategic interventions to ensure delivery against their transport strategy and funding objectives for the railway.
Long Term Rail Strategy Makes provision for the Transport Secretary to publish a Long-Term Rail Strategy, setting out strategic long term objectives, and to which GBR will be required to align its activities.	No	No	Integration A single strategy which sets out Strategic Objectives to guide how GBR should plan to run and deliver improvements of both track and train cohesively and align the rail sector with government's wider objectives. Accountability GBR will be obligated to respond to the strategy setting out how it intends to achieve the objectives with measurable outcomes. These will be tied into wider business planning and funding processes (such as the Statement of Objectives and SoFA), setting clear lines of accountability. Reliability; Affordability; Efficiency; Quality; Accessibility; Safety One of the Strategic Objectives within the Long-Term Rail Strategy 'Meeting passenger and freight customer needs' will explicitly require GBR to have regard to these objectives.
Passenger services responsibilities Clarifies responsibilities for passenger rail services between relevant authorities (Secretary of	No	No	Integration GBR will be enabled through legislation to deliver passenger services, in addition to its role managing infrastructure, bringing about the integration of track and train. Accountability

State for Transport, Scottish or Welsh Ministers).			Bringing track and train together in a single organisation will enable that organisation to be accountable for decision-making across both infrastructure and passenger services, enabling better whole-system strategic thinking and trade-offs. The Bill will also enable GBR to provide services on behalf of Scottish or Welsh Ministers if they so choose.
Subsidy control States that financial assistance given by the Secretary of State or Scottish Ministers to GBR (or GBR's subsidiaries / any company jointly owned by GBR and Scottish / Welsh Ministers) to enable GBR to exercise its infrastructure management function is not a subsidy for the purposes of the Subsidy Control Act 2022. This is a codification of existing case law.	No	No	Affordability; Efficiency; Quality This will ensure that GBR (as the body responsible for infrastructure management) (and its subsidiaries and joint ventures with the devolved governments) can receive funding from government and Scottish Minsters to carry out GBR's infrastructure function and it will be clear that such funding will not be deemed to be a subsidy under the Subsidy Control Act 2022. This is a codification of existing case law and subsidy control principles (i.e. that the UK rail network is a closed market so funding for infrastructure activities is not a subsidy). This provision complies with subsidy control requirements set out in international agreements (in particular the EU-UK Trade and Cooperation Agreement).
Updating the role of the ORR Makes amendments to the role of the ORR.	Yes	No	Accountability This provision will enable the ORR's role to be targeted, that interventions are proportionate and that GBR has clear accountabilities. It seeks to prevent situations where additional regulatory checks and balances would otherwise impose disproportionate costs or risks. This will include the ORR having a robust and meaningful access appeals function instead of being the decision maker on access, having an enhanced advisory role in monitoring GBR's business performance, and becoming an advisor in the new Periodic Review process rather than a decision maker.
Freight Duty Creates a statutory duty for Ministers, GBR and the ORR to promote the use of rail freight.	No	No	Accountability The provision of a duty on Ministers, GBR and the ORR to promote the use of rail freight will provide protections for freight. GBR will need to act with consideration for both the 'Duty to Promote the Use of Rail Freight' and the Transport Secretary's Rail Freight Growth Target.
Rail Freight growth target	No	No	Accountability The provision of a duty on the Transport Secretary to set a rail freight growth target and for GBR to have regard to that target (and any strategy or policy of Scottish Ministers relating to

Creates a statutory duty for the Transport Secretary to set a rail freight growth target and for GBR to have regard to that target.			the use of the network for rail freight) will, together with the Freight Duty on both the Transport Secretary and GBR, provide protections for rail freight when GBR is acting as the 'Directing Mind'. GBR must also regard any Directions issued by the Transport Secretary in relation to rail freight when exercising its statutory functions. It will ensure that GBR considers rail freight alongside passenger services when making decisions and that those decisions facilitate the growth of freight on the network.
A New Voice for Passengers			
Establishing an independent passenger watchdog Creates a body, established from TF, to act as an advocacy body ensuring the provision of a dispute resolution service for rail passengers and with a specific role on accessibility.	Yes – GBR and non-GBR services will be in scope of the watchdog.	Yes - The watchdog will be built out of TF so legislation will add to its existing functions and powers. Current rail provision for Transport Focus is section 76 of The Railways Act 1993.	<u>Accountability</u> As with other aspects of the railways, the consumer landscape is also fragmented. The watchdog will bring together existing consumer functions so that intelligence on issues/concerns raised by passengers is better utilised by informing decisions on how rail services are delivered by GBR and other operators. <u>Reliability; Affordability; Efficiency; Quality</u> The watchdog will have oversight of all issues raised by passengers, including in these four areas, and will be able to advocate for improvements. <u>Accessibility</u> The watchdog will have a specific role on accessibility by identifying themes and recurring issues raised by disabled passengers in complaints and disputes and advocating for improvement.
Watchdog standard setting Transfers the setting and oversight of certain passenger experience standards, linked to licence conditions, from ORR to the new body.	Yes	No	<u>Accountability</u> GBR will be monitored on behalf of passengers for its delivery against passenger experience objectives and standards by advising on key decisions, shining a light on issues they raise, advocating for improvements and setting standards. <u>Reliability; Affordability; Accessibility; Efficiency; Quality</u> The watchdog will have oversight of all issues raised by passengers, including in these areas, and will be able to advocate for improvements.
Making best use of the rail network			
Access framework Establishes a new access framework in primary legislation, under which GBR will take access and charging decisions for its infrastructure in accordance with its	Yes	No	<u>Integration</u> The current system is designed for each part of the railway to act in isolation. This leads to inefficiency for both passengers and freight, for example in relation to complex timetable changes. Reforms to the Access Framework will enable GBR to be the directing mind for Access, Charging and Capacity Allocation for the GBR infrastructure. <u>Accountability</u>

general and access-specific statutory duties; guidance from the SoS and Access and Use Policy.			GBR will have the operational independence to make decisions relating to capacity allocation, timetables, access charges and other operational aspects of the railway – in line with its statutory duties and guidance, directions and long-term strategy issued by the Transport Secretary. It will therefore provide a key point of accountability for the performance of the network, accountable to the government. ORR will have a robust appeals role. <u>Reliability</u> GBR will plan and implement an achievable, reliable timetable, so that the services promised to passengers and freight users are delivered. Better coordination of the timetable will reduce delays, improve reliability and reduce costs. <u>Affordability</u> A new simpler framework will enable GBR to take decisions on the best use of its network, putting the interests of passengers, freight customers and taxpayers first while providing certainty that the benefits of (publicly funded) investments and enhancements will be realised. <u>Efficiency</u> There will be fundamental reform of the existing legislative framework that has led to fragmentation, inefficiency and multiple decision makers with conflicting priorities, to produce greater efficiency. Following the consultation, the department has undertaken further policy development to ensure there is clarity on how GBR will make access decisions to enable best use of the network and operate services itself. GBR will be required to ensure that it has the available capacity it needs to run those passenger services that the government has required it to provide. This requirement will not change the proposition on access and capacity allocation that was set out in the consultation. GBR will need to work with devolved authorities, freight and open access operators to consider their aspirations for the services they want to run, and where these represent 'best use' of the network, they can expect to be awarded capacity commitments. The ORR will continue to oversee GBR's access and charging decisions through a revised appeal role. <u>Quality</u> Through GBR the government will ensure passengers have reliable, accessible and better-quality services.
Amendments to the AMRs Makes amendments to the provisions currently set out in the Railways (Access, Management and Licensing of Railway	Yes, as this will apply to (other) Infrastructure Managers	No	<u>Integration</u> Where deemed beneficial and appropriate, the power to amend will enable amendments to be made to the AMRs to ensure consistency of approach between GBR and the other Infrastructure Managers. Any changes will be made under the affirmative process to enable full scrutiny of proposed changes by Parliament

Undertakings) Regulations (AMRs) 2016 so that the arts in relation to access, use and charges for the infrastructure will no longer apply to GBR and the GBR network, alongside the creation of a power for the Transport Secretary to amend the AMRs by secondary legislation.			
Role of ORR in Access Enables the ORR to ensure GBR's decisions on capacity allocation, access and charging are transparent and fair through a robust and independent appeals function, set out in legislation**.**	Yes	No	Accountability The ORR will play a key role in giving confidence to freight and other non-GBR operators that capacity allocation, access and charging decisions are transparent and fair. Operators who believe a GBR decision is unfair, or that GBR has acted unfairly and/or inconsistently with legislative rules/requirements, will have the right of appeal to the ORR.
Provision for a time limited power for the Secretary of State to amend contracts and the Network Code	Yes	No	Integration A time limited power for the Secretary of State to amend existing access contracts will be a necessary backstop to ensure that the transfer to the new access and charging regime under GBR can happen. This is because certain changes to existing contracts must be made to ensure that they function properly under the new system. A solution is required to ensure that in continuing to respect existing operators' schedule 5 access rights, the necessary changes to contracts are made to implement the new regime. For example, the Railways Bill will see the ORR's powers under S17-22C of the Railways Act 1993 and its corresponding Section 4 duties disapplied. As a result, the ORR will no longer be able to approve changes to existing access contracts and will have no legal basis to amend an existing contract without an operator's consent. This would mean that routine and periodic updates to access charges which are an essential requirement both now and in the future could not happen properly and existing contracts would become unworkable with no legal way of updating them.

			Ahead of GBR stand-up, it is proposed that Network Rail will work with the ORR and engage and consult with operators to identify inoperable clauses and propose replacement wording to amend contracts. The clause will provide the Transport Secretary with a time limited power to amend contracts and the Network Code if they have not been amended following this programme of engagement and consultation. It is to be used as a backstop measure only to ensure that existing operators (some of whom have several-year contracts) can transition to the new model and are not left with unworkable arrangements. The power to amend contracts will not be exercised lightly and would only be used as a last resort to ensure necessary changes to contracts, such as to reflect the changing role of the ORR and creation of GBR. We are committed to honouring ORR's Periodic Review 2023 final determination, including conditions on charging and incentives (up to Control Period 8 when GBRs new charging framework will be applied).
Financial Reform			
GBR Funding Creates a new funding determination process and grant funding power to award a grant for GBR. This will replace the current periodic review, a process through which the ORR determine the level NR can charge for access to its network, as well as a 5-year grant for infrastructure.	No	Yes – this is intended to capture the same benefits long-term planning and funding deliver today, but through a new set of provisions in-line with GBR and public ownership. In practice, this means major differences in provisions but to achieve a similar outcome. Current provisions sit across Schedule 4A of the Railways Act 1993 and the AMRs	<u>Integration</u> This provision will update funding to reflect GBR's role as directing mind, by mandating it to develop an 'integrated business plan' across track and train. The provision will allow for an integrated track and train settlement in the future if ministers desire and it's agreed cross government. <u>Accountability</u> This provision will create more direct accountability of GBR to DfT/HMT and the Scottish Government over the outcomes bought through funding decisions, transparency over decisions made which change the funding settlement 'in-life', and a single place to set GBR's core objectives.
ORR Funding Creates a statutory power for the ORR to levy a fee on GBR to replace the current licence fee that NR provides for the	No	Yes – the ORR already raises its funding for its safety activities via a statutory levy and this new legislative provision will provide an	<u>Accountability</u> This provision will ensure the regulator's non-safety activities such as its advisory role in the new GBR funding process are funded in a stable and predictable manner, in a way that guarantees the ORR's independence. This will ensure the ORR has the resources and authority to hold GBR to account and is simply a technical change to the current system.

ORR's non-safety related activities.		equivalent power for the ORR to raise its fees from GBR for its non-safety activities.	
Fares, Ticketing and Retailing			
Fares Provides for GBR to set rail fares, with the Transport Secretary / Scottish Ministers / Welsh Ministers having the ability to determine parameters around overall fare levels through directions (in the case of the Transport Secretary and Scottish Ministers) and contracts awarded under the provision of passenger services clause and preserves the existence of fare discount schemes targeting young, senior and disabled persons.	No	Yes - We are broadly preserving the intent of existing legislation in Section 28 of the Railways Act 1993 i.e. to allow Ministers to set overall limits on fare levels, and to safeguard the existence of certain discount schemes. The only wholly new function for GBR to set rail fares is required to clearly define this critical function for the new body.	<u>Accountability</u> The activity of fares setting will be done in a way which is accountable to oversight by Ministers. <u>Affordability</u> This provision will ensure that fares are set at an appropriate and reasonable level and ensure the continued provision of fare discount schemes targeting young, senior and disabled persons. <u>Accessibility</u> Specific discount cards targeted at groups for which cost is more likely to be a barrier to rail travel – young people, older people and disabled people – will continue to be safeguarded in legislation, as they have been since the Railways Act 1993 Section 28(3).
Ticket Retailing 1) Gives GBR the function to retail tickets and rail products; 2) provides for the management of cross industry services by GBR; 3) establishes the ORR's oversight and complaint-handling role in relation to cross-industry services and the ticket retailing market.	No	No	<u>Quality</u> GBR retailing alongside and in competition with third-party retailers means that standards will be continually driven up in the interest of consumers. All retailers will continue to be able to improve the passenger experience, drive innovation and further encourage competition in future. <u>Reliability</u> Passengers will benefit from a consistent and reliable customer offer, knowing they can purchase tickets with ease and travel with confidence. <u>Affordability</u> Replacing 14 TOC retail functions with a single GBR retailer will increase efficiency, reducing the overall cost of selling tickets.

Devolution			
Statutory Role Creates a statutory role for devolved governments and mayors ensuring that national and local strategies are factored into GBR decision-making. Enables partnership and devolution options between GBR and mayors.	No	No	More joined-up decision making with areas where decisions are taken locally. This provision will bring decision-making closer to local communities by requiring GBR to consult devolved governments and MSAs before making certain decisions that will significantly affect the interests of the economy of people living in, working in or visiting a particular area. GBR will also consult and publish the plan for the use of the network before the plan takes effect. This will enable organisations such as devolved governments and MSAs to express an interest in their use of the network. In preparing the High Level Output Specification (HLOS), the Transport Secretary will also be required to consult MSAs, the ORR, GBR, and Welsh Ministers. As a nationally integrated network – the railway's governance must balance local, commuter, regional, national, international and high-speed services, as well as the role of freight. The Bill will also ensure decision-making takes into account the transport plans/strategies of MSAs although GBR will retain overall responsibility for the use of the network Quality Legislation will enable GBR to enter into arrangements with devolved leaders and MSAs based on the needs of the local community in different parts of the country.
Devolved Governments Enables options for rail integration in Scotland and Wales.	No	No	Integration The Bill will ensure options for deeper integration of track and train can be agreed between GBR and the Scottish Ministers and the Welsh Ministers. Accountability This provision will ensure that existing devolved arrangements in Scotland and Wales are respected and has the potential to increase GBR's accountability to Scottish and Welsh Ministers.
Future-facing regulation			
Luxembourg Rail Protocol Creates a power for the Transport Secretary to make regulations in order to implement the Luxembourg Rail Protocol.	Yes	No	Affordability The Protocol, if ratified, could support increased private sector financing opportunities in the UK's railway market, as well as increase opportunities for UK businesses to participate in overseas financing activities. It may also lead to increased competition in financing options that would improve the affordability of rolling stock.
Train Driver Licensing Creates a power for the Transport Secretary to	Yes	No	Efficiency; Quality; Accessibility; Safety

make regulations to reform the train driver licensing regime and keep pace with developments in this area.			Subject to consultation, future reforms could improve train driver recruitment and retention, reduce burdens, support safety outcomes, and improve the operational effectiveness of the train driving licensing and certification regime.

Table 3 below presents a theory of change/logic model for the proposed amendments to legislation. This outlines how this intervention will achieve the objectives and high-level benefits of these reforms.

Table 3: Railways Bill Theory of Change/Logic Model

INPUT (amendment to legislation)	**ACTIVITY**	**OUTCOME**	**IMPACT**	**HIGH-LEVEL BENEFIT**
Leadership for Britain's Railways	Steers from the Transport Secretary are given to GBR regarding objectives and strategy. One body is made responsible for the management of infrastructure and the delivery of passenger services. Legislation creates a set of statutory duties for GBR including a duty for GBR to promote the use of rail freight.	GBR is established. A key point of accountability for delivery in the rail sector is created. The needs of its own services, open access, and freight operators are balanced by GBR.	Cost and revenue, as well as management and use of the network, are brought together enabling an integrated long-term whole-system perspective which drives efficiency and better outcomes for customers and taxpayers.	• A quality passenger experience • New collaborative culture • Contributions to economic growth and productivity • Cost savings • Revenue growth • Accessible service • Safe service for all • Improved use of freight • Simpler, more affordable tickets
A new voice for passengers	Further statutory powers are issued to TF, forming the independent passenger watchdog.	Statutory advice is issued to the Transport Secretary, GBR and other delivery bodies by the watchdog. Minimum standards are set for passenger experience and referred to in GBR's licence and that of other operators. Deadlines are set for requests for information from operators. Responsibility for Alternative Dispute Resolution is achieved through the watchdog's sponsorship of the rail ombudsman.	GBR answerable to the watchdog (on behalf of passengers) for its delivery against passenger experience objectives and standards.	• New collaborative culture • A quality passenger experience • Accessible services • Safe services for all • Simpler tickets

		Accessibility standards are driven up due to services being delivered to disabled passengers being monitored, and improvements advocated for.		
New access framework	The Railways Act 1993 is amended so that the ORR's powers to direct and approve access contracts under Section 17-22C and its corresponding Section 4 duties are disapplied for the GBR network. The AMRs are amended so that large parts will no longer apply to GBR and the GBR infrastructure. A new capacity allocation framework is established in legislation for GBR to make best use of the network in accordance with its duties. A power is created for the Transport Secretary to amend the AMRs by secondary legislation. An independent appeals function is set out in legislation. A statutory duty is created to establish a charging framework and publish the rules for how GBR will determine and collect fees from non-GBR operators wishing to access its infrastructure.	ORR ensures GBR's decisions on capacity allocation, access and charging are transparent and fair. Simplifications to the AMRs (under which the other infrastructure managers are bound by) using the affirmative procedure to facilitate closer regulatory alignment and the smooth passage of trains between GBR network and other infrastructure managers.. Decisions taken by GBR in relation to timetables, track access and other operational aspects of the railway ensure the best use of infrastructure, reducing delays & costs and improving reliability. A key point of accountability for the performance of the network, accountable to the government, is created.	Interests of passengers, freight, and taxpayers are considered within access and charging decisions taken by GBR in the public interest. The network benefits from whole system thinking with GBR as the decision maker for access, charging and capacity allocation and the owner of the infrastructure. Benefits from investment are realised, services promised to passengers are delivered, and decisions are aligned with the long-term strategy.	• New collaborative culture • Revenue enhancements • A quality passenger experience • Cost savings • Improved use of freight
Financial Reform	Amendment of the Periodic Review from a review of access charges into a funding process while retaining the certainty of the 5-year funding period. Creation of a statutory power for the ORR to levy a fee on GBR to replace the current Network Rail	GBR is mandated to develop a five-year 'integrated business plan' across track and train, reflecting its role as the directing mind. GBR is accountable to Ministers over funding decisions, changes to the funding settlement, and core GBR objectives.	Alignment of accountability and incentives across track and train through funding mechanism, allowing GBR to optimise the whole system to generate financial efficiencies and deliver services effectively.	• Cost savings • Revenue enhancements

	licence fee to cover the ORR's costs for its non-safety related activities.	GBR scrutinised by the ORR during the development of GBR's integrated business plan. ORR will scrutinise whether or not GBR effectively and efficiently delivers the SoS's objectives.	GBR is accountable for delivering on Ministerial priorities (e.g. around passengers and the wider economy) and economic efficiency. Stakeholder trust and confidence in the ORR scrutinising railway costs and activity is maintained, and ORR's funding is kept independent of direct departmental or devolved government budget decisions and independent of the Transport Secretary-issued licence.	
Fares, ticketing and retailing	Provision is made for GBR to set rail fares, with the Transport Secretary / Scottish Ministers / Welsh Ministers having the ability to determine parameters around overall fare levels. Creation of GBR's role in retailing and establishment of the ORR's oversight and appeals complaint-handling role in relation to the retail market.	GBR is able to make decisions around fares and sell tickets. GBR is accountable to the Transport Secretary (or Scottish or Welsh Ministers, as appropriate) in relation to fares setting.	The role of the Transport Secretary / Scottish Ministers / Welsh Ministers ensures fares are set at an appropriate level. A consistent and reliable customer offer, with potential simplification for passengers. Potential cost efficiencies in ticket retailing.	• Simpler tickets • A quality passenger experience • Cost savings
Devolution	A new statutory role is created for Devolved Governments and mayoral strategic authorities. A framework is developed setting out the options for future partnerships (from strategic engagement, local collaboration and investment to local commissioning of services and devolved control).	GBR is able to engage with local leaders.	Devolved transport strategies are given regard by GBR and DGs/MSAs are consulted on certain decisions that would significantly affect the interests of the economy of people living in, working in or visiting their area.	• Contributions to economic growth and productivity • Local community needs are better served • New collaborative culture • Accessible services • Safe services for all • A quality passenger experience • Improved use of freight

Regulations to reduce the costs associated with financing rolling stock	Following consultation, The Transport Secretary implements and ratifies the Luxembourg Rail Protocol.	The risk creditors financing rolling stock are exposed to (in the event of default or insolvency when rolling stock has crossed a border and is located in another territory) is reduced. The UK's commitment to implement the Protocol is fulfilled and the UK avoids being disadvantaged in relation to the financing offers in other countries for domestic rolling stock and export financing opportunities.	Private sector financing opportunities in the UK's railway rolling stock market are supported. UK businesses have increased opportunities to participate in overseas financing activities with lower risk and therefore cost.	• Cost savings • Contributions to economic growth and productivity
Regulations to enable reforms to the train driving licensing and certification regime in Great Britain	The Transport Secretary lays secondary legislation to amend, update and/or revoke provisions in the Train Driving Licences and Certificates Regulations 2010 (the TDLCR) and associated related train driving assimilated law.	Reforms to the TDLCR ensure the regime can keep pace with developments in this area in the future.	Train driving requirements are reformed in a dynamic, proportionate and efficient way.	• Attraction and retention of talent • Contributions to economic growth and productivity • New collaborative culture • Reduction of burdens on drivers and/or operators

5. Summary of long-list and alternatives

As possible ways of achieving the agreed objectives, consideration was given to 3 legislative options (one entailing primary, one alternative primary, and another secondary legislation), a non-legislative option and a 'do nothing' option. The following options were long-listed:

- **Option 0 – Business as Usual Counterfactual (Do Nothing):** no intervention to remedy the key structural issues. The provisions of the Public Ownership Act result eventually in the transfer of all franchised TOC contracts into public ownership and operation by the DfTO. Track and train are not integrated into a single body, leaving DfTO responsible for the delivery of passenger services and NR responsible for the management of infrastructure, operating within a structure designed to be run privately, with no streamlining of ORR regulation and no creation of an independent passenger watchdog.

- **Option 1** – **Non-legislative Option**: intervention short of legislation to improve collaboration and integrated decision-making within the existing rail structure established by the Public Ownership Act. This includes impacts resulting from activities that are legally possible without further legislation but are not proposed by the Public Ownership Act, such as through alliances between existing industry organisations or by achieving greater collaboration through Shadow Great British Railways (SGBR). These would somewhat contribute to streamlining and efficiencies, but without the creation of a single directing mind - Great British Railways (GBR). They would not extend to integrating track and train within a single body, nor delivering additional reforms to transform the sector model to align with a public ownership model, streamline the existing sector structure, or create clearer lines of accountability. For example, the role of the ORR on access and charging as set out in the Railways Act 1993 and the Access and Management Regulations would be retained, meaning key roles and responsibilities in relation to access to the network would remain split between the ORR and Network Rail. This would maintain the existing fragmentation and unclear accountabilities in the system without a single, directing mind to ensure best use of the network.

- **Option 2 – Legislative Measures:** introduction of the complete set of measures proposed in the government consultation 'A Railway Fit for Britain's Future'. Establishment of GBR through legislation to make it responsible for the delivery of passenger services and management of infrastructure. Also introduces wider reforms to update the sector model to accommodate a publicly owned and operated railway. Measures include: creation of a passenger watchdog; reforms to the access framework to reflect a publicly operated railway; updates to the accountability and financial frameworks; introduction of a statutory role for devolved leaders; and introduction of a power to update the Train Driver Licensing and Certification Regime, among others. These are intended to create a simpler and less fragmented sector model that will be managed by an operationally independent body – GBR – acting as directing mind for the railway, responsible for planning and operating passenger services and for managing infrastructure. The additional impacts of this option compared with Option 1 are those impacts that are contingent on additional legislation beyond the Public Ownership Act.

- **Option 3: Alternative Primary Legislation:** Introduction of measures akin to those contained within the draft Rail Reform Bill, published in February 2024.[29] This draft Bill built upon the policy which was consulted on in June 2022 under the previous government.[30] The key policies within the Bill were to create an Integrated Rail Body (IRB) into which some of the franchising functions of the Transport Secretary would be transferred alongside Network Rail's infrastructure management functions. This model would not deliver full integration nor streamlining of functions present in Option 2 as services would continue to be operated by independent, private organisations whilst infrastructure would be managed by the IRB. Additionally, this legislative option would not deliver wider sector reforms and simplification benefits, such as through accountability, financial, and access reforms. In addition, it would not deliver changes for the passenger through the creation of the passenger watchdog or for devolved authorities through a new statutory role.

- **Option 4: Alternative Secondary Legislation:** Use of a Statutory Instrument to create a guiding mind for the sector. For example, a Deregulation and Contracting Out Act 1994 (DCOA) Order used to authorise an external body to carry out certain functions on behalf of the Transport Secretary. This would function as a delegated body rather than a guiding mind for the railway with only the ability to act on behalf of instructions from the Transport Secretary rather than as an operationally independent body. The body would only be instructed to manage rail operations as they are brought into public ownership and not extend to the other reforms necessary to deliver sector change, such as those mentioned under Option 2.

The legislative options were appraised and the appraisals compared, after which one legislative option was taken forwarded to be analysed against the Do-Nothing Option and the Non-Legislative Option.

Options 0 and 1 were shortlisted by default, so that full consideration could be given to both 'do nothing' and a non-legislative option. Option 2 was also shortlisted, whereas options 3 and 4 were discarded. Option 3 was discarded because whilst it would deliver the overall objective of a single body to oversee both track and train, it was created to support a model in which passenger services would still be operated by private companies under contract with GBR rather than by GBR itself. This model would therefore not unlock the full integration benefits under Option 2 and since the passing of the Public Ownership Act has become impractical due to the overarching purpose of eventually creating a single body to manage infrastructure and operate passenger services under public ownership. Option 4 was also discarded because the use of only secondary legislation would not deliver all the desired outcomes for a publicly owned and operated railway. This is due to the fundamental changes that need to be made, such as the creation of an Integrated Rail Body, along with access and financial reforms, which are only possible through amending the Railways Act 1993.

Table 4 below scores each option against the SMART objectives, with a scoring rationale as below:

[29] Department for Transport (2024). https://www.gov.uk/government/publications/draft-rail-reform-bill
[30] Williams-Shapps Plan for Rail: consultation on legislation to implement rail transformation (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1082519/williams-shapps-plan-for-rail-consultation-on-legislation-to-implement-rail-transformation-web-version.pdf)

1: The option shows minimal or no scope for progress toward the SMART objective. Key targets are missed or not addressed at all.

2: The option offers limited results. Some progress is made, but it falls significantly short of the objective's expectations.

3: The option enables partial achievement of the SMART objective. Some targets are met, but others are missed or underdelivered.

4: The option enables delivery of most or all of the SMART objective. Minor gaps may exist, but overall significant progress is likely.

5: The option offers significant achievement or exceeding of the SMART objective, with clear, measurable success.

Table 4: Assessment of long-listed options against SMART Objectives

	Integration of Track and Train	**Accountability**	**Joined up decision-making at a local level**	**Wider Objectives** i. Reliability ii. Affordability iii. Efficiency iv. Quality v. Accessibility vi. Safety
0: Do Nothing (Shortlisted)	Shortlisted by default to ensure full consideration of a 'do nothing' option.			
1: Non-legislative option (Shortlisted)	Shortlisted by default to ensure full consideration of a non-legislative option.			
2: The Railways Bill (Shortlisted)	5/5 Brings about the integration of track and train, with most passenger services operated by the same organisation responsible for managing most infrastructure.	5/5 Creates a key point of accountability, responsible for the railway and accountable to democratically elected Members of Parliament.	4/5 Gives scope for a directing mind which can be designed to collaborate with and respond to the needs of communities. The creation of a statutory role for devolved leaders embeds this.	4/5 The intervention in itself will not achieve all of these objectives, but having a single directing mind accountable to The Transport Secretary and Parliament, held to account by a powerful independent passenger watchdog would greatly improve the deliverability of these objectives.
3: Draft Rail Reform Bill (Discarded)	3/5 While this would increase the level of integration of track and train, fundamentally under the draft Rail Reform Bill (which was designed for a privatised rail industry) GBR	3/5 While this would create clearer accountabilities through the integration of track and train into one organisation, it fails to fully integrate decision-making on infrastructure (particularly with	2/5 Fails to embed communities within GBR's operations, due to the lack of a statutory role for devolved leaders and GBR having more limited levers.	3/5 There would be an initial benefit from the positive integration of track and train. However, the failure to give GBR the levers for determining access and delivering services would limit the ability to drive up

	would be responsible for contracting, but not delivering, passenger services. The intervention would therefore fall short of delivering full integration.	regard to access) and service delivery. Fragmentation would persist, with the ORR, TOCs and GBR all being in some way involved and responsible, but not entirely accountable, for delivering objectives.		improvements in reliability, affordability and efficiency. Not creating and empowering a passenger watchdog would reduce the scope to drive improvements in quality and accessibility.
4: Alternative secondary legislation (Discarded)	2/5 While it may be possible to bring track and train closer together, secondary legislation would not deliver full integration between infrastructure and operations. This approach would also require significant governance and would generate delivery risk, limiting the benefits of integration.	2/5 The inability to create a statutory body (for which primary legislation is necessary) would result in the inability to effectively remedy the problems of fragmentation and lack of accountability in the sector, for which a fully empowered body is necessary.	2/5 Secondary legislation could be used to bring about modest improvements. However, without GBR, there would be limits to how regionalised any responsible body could be, and it would not be possible to create a statutory role for devolved leaders.	2/5 Secondary legislation would not allow the fundamental issues of fragmentation to be addressed, therefore not fully realising the benefits across these objectives.

Micro, Small, and Medium Business Assessment

We have assessed the extent to which micro, small, and medium businesses are within scope of this proposal. A micro business has 0-9 employees, a small business has 10-49 employees, and a medium business has 50-499 employees.[31]

The Department for Business and Trade's business population estimates for employers within passenger and rail freight transportation sectors provide an indication of the size of employers within each sector. The business size categories do not directly align to those for medium and large businesses within the sector. However, the tables below indicate that within the passenger rail transportation sector, there is a relatively high proportion of larger sized businesses, but that micro, small, and medium sized businesses are likely to be represented in reasonable proportions. For the rail freight transportation sector, a high proportion of businesses are small or micro sized, although it is likely that many of these businesses are within the wider supply chain for rail freight, which are likely to face more indirect impacts compared with larger organisations within the freight rail sector, such as freight operators.

[31] Department for Business and Trade (2023). https://assets.publishing.service.gov.uk/media/65420ee8d36c91000d935b58/Better_Regulation_Framework_guidance.pdf

Overall, we expect that micro, small, and medium businesses are less likely to be materially impacted by the proposals set out in this impact assessment compared with larger businesses. This is because those smaller organisations are likely to be primarily involved within the sector's supply chain, which will be impacted less directly by the proposed changes, while the organisations immediately affected by structural changes to the sector are typically larger organisations, as identified in Table 7 below.

Table 5: business population estimates for employers in passenger rail transportation, interurban, 2024[32]

Business size	Percentage of businesses
1-9 employees	25%
10-49 employees	12.5%
50-249 employees	25%
250+ employees	37.5%

Table 6: business population estimates for employers in freight rail transportation, 2024[33]

Business size	Percentage of businesses
1-9 employees	81.8%
10-49 employees	9.1%
50-249 employees	0%
250+ employees	9.1%

The organisations most directly affected by this proposal are the 14 DfT-contracted TOCs and the industry bodies involved in maintaining the railways. This is due to their respective functions being taken over by GBR. With the exception of the ORR, Rail Delivery Group (RDG), and TF, these organisations are all large organisations so fall out of scope of this micro, small, and medium business assessment. The ORR and TF are non-departmental government organisations and RDG is a private conglomerate of companies set up to manage cross-industry services and initiatives, funded by businesses and public organisations within the rail sector.[34]

Table 7: number of employees for directly affected organisations:[35]

Organisation	Staff count
Network Rail	41,836
Govia Thameslink Railway	7,339
Northern Trains Ltd.	7,125

[32] Department for Business and Trade (2024). https://www.gov.uk/government/statistics/business-population-estimates-2024

[33] Department for Business and Trade (2024). https://www.gov.uk/government/statistics/business-population-estimates-2024

[34] RDG represents and is funded by organisations within the rail sector, including Network Rail, franchised passenger operators, open access operators, and freight operators. Therefore, some costs to RDG would be passed through to government (e.g. through Network Rail or as allowable costs for operators), while others would impact the private sector (e.g. where they are passed through to open access or freight operators).

[35] This is calculated as average monthly staff count from Companies House: https://find-and-update.company-information.service.gov.uk/. DfT data can be found at: https://www.gov.uk/government/publications/dft-workforce-management-information-january-2025 (see Payroll staff: Total: Headcount). ORR also publishes data on FTE at train operators which can be found here and shows a very similar level of staff at each operator: https://dataportal.orr.gov.uk/statistics/compendia/toc-key-statistics/.

Great Western Railway	6,471
South Western Railway	5,415
Southeastern	4,491
Department for Transport (DfT)	3,873
London North Eastern Railway	3,319
Avanti West Coast	3,296
West Midlands Trains	2,953
Greater Anglia	2,776
East Midlands Railway	2,440
CrossCountry	1,866
TransPennine Trains	1,802
The Chiltern Railway Co Ltd	877
c2c	696
Office of Road and Rail (ORR)	374
Rail Delivery Group (RDG)	332
Transport Focus	46

There are, however, multiple smaller businesses that will be impacted by the proposed interventions, such as Open Access Operators (OAOs), freight operators and rolling stock leasing companies (ROSCOs). Potential impacts on these businesses include:

- Administrative and familiarisation costs associated with a new access regime
- Administrative costs associated with transfers of existing leasing contracts
- Potential weakening of market power if GBR achieves economies of scale[36]

While overall it is expected that smaller organisations will be less likely to face direct impacts of the proposals, where smaller businesses do face administrative and familiarisation costs, these have the potential to impose a proportionally large burden (when compared to large businesses). This is due to larger businesses being more likely to have dedicated processes in place to address large changes such as these. For example, smaller businesses may be required to devote a greater proportion of their resources to familiarising with the new legislation and addressing any additional administrative burden.

The government consultation included a question on whether these proposals would have any impacts on businesses including micro, small and medium businesses. Some respondents to the consultation raised concerns around these second order impacts. For example, some raised questions about small and medium-sized enterprises' future in the rail supply chain, were GBR to seek economies of scale in procurement in such a way which led to a few dominant suppliers, reducing competition and opportunities for other suppliers. Alternatively, the simplification of the rail sector has the ability to provide disproportional benefits for micro, small and medium businesses as they move from managing contracts with multiple train operators to one unified operator of track and train. These prospective costs and benefits have the potential to offset each other for micro, small and medium businesses.

A table of organisations within the rail sector with fewer than 500 employees is presented below. We have attempted to identify the scale of organisations that are likely to be directly

[36] Note that this is an indirect impact, dependent on how GBR choose to operate, rather than an immediate consequence of GBR being established.

affected by the legislative proposals; however, this should not be treated as an exhaustive list of organisations impacted. For example, there are many organisations within the rail supply chain that may face some impacts. Many of these are micro, small, or medium sized businesses: Every year, NR spends £8 billion with 4,130 suppliers, 75% of which are small and medium sized.[37]

Table 8: number of employees of micro, small, and medium sized rail organisations[38]:

Business	Average monthly staff count	Size of organisation
Mendip Rail	12	Small
Rock Rail	27	Small
Rail Ombudsman	34	Small
Beacon Rail	37	Small
DC Rail	43	Small
Transport Focus	46	Small
HS1 Ltd	60	Medium
Eversholt Rail Group	106	Medium
Lumo	107	Medium
Hull Trains	109	Medium
Angel Trains	135	Medium
Heathrow Express	146	Medium
Porterbrook leasing company	167	Medium
Grand Central	181	Medium
Caledonian Sleeper ltd	243	Medium
Rail Delivery Group (RDG)	332	Medium
Rail Safety and Standards Board (RSSB)	369	Medium
Office of Road and Rail (ORR)	374	Medium
Direct Rail Services	451	Medium

We have been unable to identify staffing data for trade unions and have therefore been unable to classify them as micro, small, medium, or large. There is potential that these organisations would fall into the category of micro, small, or medium businesses. However, we do not expect that the proposals would lead to disproportionate direct impacts (e.g. a significant regulatory burden) on these organisations.

TF, RSSB, ORR, and Direct Rail Services have been included in Table 8 above for reference but fall outside of the scope of this business assessment.[39]

[37] Network Rail (2024). https://www.networkrail.co.uk/stories/powering-economies/

[38] This table contains data sourced from Companies House: https://find-and-update.company-information.service.gov.uk/. ORR, Transport Focus and Direct Rail Services are considered out of scope of the assessment on the basis that they are publicly funded organisations. While RDG in itself is considered within scope, its function is to act on behalf of businesses within the rail sector, which are predominantly large businesses.

[39] TF, RSSB, ORR and Direct Rail Services are considered out of scope of the micro, small, and medium business assessment on the basis that they are publicly funded organisations.

6. Description of shortlisted policy options carried forward

The short-listed options for appraisal are listed below, including the preferred option.

- **Option 0 – Business as Usual Counterfactual (Do Nothing)**
- **Option 1 – Non-legislative Option (Do Something)**
- **Option 2 – Legislative Measures (Do Something, Preferred Option)**

In order to identify the preferred option, the short-listed options were assessed against Critical Success Factors (CSFs). These CSFs are outlined and assessed in Tables 9-12 below. These CSFs were chosen by taking the CSFs outlined in the Green Book and adapting them to ensure they capture the relevant factors required to achieve the goals of rail sector transformation.

Table 9: Critical Success Factors

Critical Success Factor	Description

Strategic fit and business needs	How well the option:
	• Meets the agreed spending objectives:
	  ○ Integration of track and train in one organisation
	  ○ Clearer accountabilities in the rail sector
	  ○ More joined up decision making between rail and areas where decisions are taken locally
	• Meets business needs and service requirements – six objectives from the government consultation that the railway of the future is:
	  ○ Reliable
	  ○ Affordable
	  ○ Efficient
	  ○ Quality
	  ○ Accessible
	  ○ Safe
	• Provides holistic fit and synergy with the government missions:
	  ○ 'Investment, infrastructure and planning' pillar of growth mission
	  ○ 'Place' pillar of growth mission
	  ○ 'People, skills and workforce' pillar of growth mission
	  ○ 'Net zero' pillar of growth and clean energy missions
	• Provides holistic fit and synergy with DfT strategies and programmes:
	  ○ Improving performance on the railways and driving forward rail reform (Transport Secretary priority)
	  ○ Rail Public Ownership Programme

Value for money	How well the option:

	• Optimises social value in terms of potential costs, benefits and risks. This is assessed in this IA primarily through switching value analysis for the net present value of the preferred option and qualitative assessment of the extent to which benefits can be achieved in the non-legislative option.
Affordability	How well the option: • Can be delivered within the Department's funding position and improves the long-term affordability of rail for the Department
Achievability	How well the option: • Is likely to be delivered, given the ability of DfT, NR and DfTO to respond to the changes required • Matches the skills and capacity in the three organisations that is required for successful delivery

Tables 10-12 below assess the short-listed options against the Critical Success Factors. The options were scored as follows based on policy analysis:

1: The option fails to achieve the Success Factor

2: The option delivers limited achievement of the Success Factor

3: The option somewhat achieves the Success Factor

4: The option substantially achieves the Success Factor

5: The option fully achieves the Success Factor

Table 10: Option 0 – Do Nothing

Success Factor	Assessment	Scoring
Strategic fit and business needs	Option neither meets business needs nor addresses long-term cost pressures.	1
Value for Money	Option does not optimise social value given lack of directing mind in a position to do so or legislative mechanisms to ensure this. This is the counterfactual against which other options are assessed.	1
Affordability	Option is affordable insofar as existing source can fund existing arrangements; however it does nothing to improve the affordability of the railways.	3
Achievability	Option is very achievable but retains the status quo, which is widely agreed to be unsustainable.	3

Table 11: Option 1 – Non-legislative Option

Success Factor	Assessment	Scoring
Strategic fit and business needs	Option improves financial sustainability by some reduction in duplication and fragmentation but does not address long-term cost pressures or meet agreed spending objectives, for which the establishment of a directing mind and the streamlining of the regulatory framework are necessary.	2
Value for Money	Option leads to improvements in but not optimisation of social value given the lack of directing mind with the levers	2

	to do so. While the Net Present Social Value (NPSV) has not been quantified for this option, the description of each impact within the evidence base section includes an assessment of the extent to which impacts of the preferred option will also be realised by this option. While costs are expected to be smaller in this option compared with costs of Option 2, large parts of key benefits would not be realised without legislation because the option does not mitigate the fundamental market failures within the system.	
Affordability	Option is affordable insofar as existing source can fund existing arrangements; however, it does relatively little to improve the affordability of the railways given the continuance of duplication and failure to streamline through legislation and the fact that there is no clear incentive to drive revenue so the financial sustainability of the railway will not improve.	3
Achievability	Option is achievable but would lack the long-term sustainability that could be provided through legislation and is sought by the supply chain.	4

Table 12: Option 2 – Legislative Option (preferred)

Success Factor	Assessment	Scoring
Strategic fit and business needs	The creation of GBR as a key point of accountability creates a level of strategic decision-making well-positioned to deliver this success factor. This option also aligns with the wider government strategy of streamlining regulation and public bodies by consolidating currently fragmented functions under one accountable body. Doing this also directly supports the government's growth mission - particularly the investment, infrastructure, and planning pillar, as GBR improves the quality of services and infrastructure, increasing customer confidence in the sector. This supports increased demand for rail while also supporting growth and investment in local communities by connecting people to jobs and opportunities. In addition, it enables the introduction of a new statutory role for devolved leaders to deliver more joined up decision-making. Finally, it also aligns with the priority of the Transport Secretary to improve performance on the railways and drive forward reform by maximising the potential of the Passenger Railway Services (Public Ownership) Act 2024 and creating a single accountable body responsible for driving change and improving passenger experience.	5
Value for Money	This option is expected to deliver Value for Money. While set up costs are incurred, these are expected to be offset by the benefits of the proposed approach. This is discussed in detail in the 'Evidence Base' section, which presents switching value analysis. This demonstrates that small percentage improvements in revenue and service	4

	performance or small percentage cost reductions, would ensure that benefits would exceed costs of the proposals.	
Affordability	Despite initial set up costs, this option supports long-term affordability by facilitating integration efficiencies and potential reduction of duplication.	5
Achievability	This option is challenging but achievable and greatly improves sustainability of industry resources. Initial necessary legislation has already been delivered and parliamentary time has been secured for the further legislation needed for this option. With this in mind our current projection is that GBR can begin operations in 2027.	4

The preferred option has been selected on the basis that it best delivers on the CSFs above and the SMART objectives assessed in Section 5. Option 1 does not deliver on the CSFs as well as Option 2. Some of the necessary reforms to adapt the current model to the new one cannot be achieved without changes to legislation, such as reform of the access and financial frameworks.

It is expected that the preferred option (Option 2) will unlock much more significant benefits compared with the non-legislative option (Option 1). This is particularly demonstrated by the 'strategic fit and business needs' critical success factor, as Option 2 goes furthest to addressing the market failures within the sector and achieving the SMART objectives specified in Section 3. For example, removing organisational barriers within a single directing mind will:

- Reduce coordination and information failure by breaking down barriers between organisations.
- Eliminate principal-agent issues and internalise externalities by simplifying incentives and ensuring that GBR is held to account on wider outcomes.
- Improve productive efficiency by generating coordination efficiencies and having oversight of the whole system through a single profit and loss.

Some coordination and integration benefits could be achieved without legislation, but this would be challenging to sustain in practice without legislation and would maintain fragmentation of roles and responsibilities between multiple different sector bodies. This would also not unlock the full benefits of track and train integration, nor enable one body to act as overall directing mind for the sector. Additionally, Option 2 is the only option that creates a statutory role for devolved governments and MSAs, which achieves SMART Objective 3. This is supported by Option 2's delivery of the other critical success factors, as described above. Please see the evidence base section below, which describes evidence to support the preferred option, including key trade-offs and alternatives considered within policy design. The evidence base section also describes the impacts of the proposal and the extent to which these can be realised without legislation. The evidence annex includes a table (Table 14) which sets out expected impacts under option 2 and the extent to which these could be realised under option 1. A key justification for the preferred option is its ability to meet the critical success factors and the evidence base.

Micro, Small, and Medium Business Assessment

It is not possible to exempt micro, small, and medium businesses from the impacts of this legislation. The purpose of the Bill is to create a single organisation to maintain and run

track and train, which cannot be done without significant sectoral changes. As a result of this, small and medium businesses cannot be exempted from structural reform and will have to adjust to this change. It is therefore important that any policy decision surrounding the implementation of this legislation should give due regard to business impacts identified in this Impact Assessment so that they do not disproportionately burden micro, small, or medium businesses. This will be factored into ongoing engagement and implementation.

We have assessed the extent to which micro, small, and medium businesses are likely to be affected by the proposals. In general, we do not expect the administrative costs for these organisations to be significantly different than the administrative burden they currently face. This is because many of the current functions and operations will remain the same in the short-medium term. For example, OAOs and freight operators will still have to bid and pay for track access charges, and ROSCOs' rolling stock contracts will remain in their current forms until new stock is procured. Regarding access and station contracts, we have committed that all existing rights to access the network that were approved by the ORR will continue under GBR until they expire. Any changes to the contracts to amend inoperable clauses and account for the new industry structure will be negotiated with operators, with a last resort to amend contracts if an agreement cannot be reached, although this is not expected to be used.

However, we do expect that many organisations will face a familiarisation cost as a result of this proposal, a certain level of which will be unavoidable within the new industry structure. The majority of these businesses are likely to be large businesses, however there are also micro, small, and medium sized businesses, such as freight operators, OAOs, and ROSCOs, that are likely to face a familiarisation cost. We expect OAOs and ROSCOs would need to undertake similar activities to other organisations affected by the provisions, These would fall under familiarisation and administrative actions that are mentioned in section 5. The specific activities might be different based on the types of contracts in place so there will be nuance in how organisations are affected.

In order to minimise the burden of these changes, the government has arranged close and targeted engagement with affected parties and set out detail on the proposals in the related public consultation, government response, and other technical policy documents published alongside legislation to aid familiarisation. This close engagement will continue in the lead up to, during, and after the transition to the new structure. Many anticipated changes in responsibilities represent transfers, whereby existing administrative activities are transferred from one organisation to another, rather than representing an incremental increase in the total administrative burden.

Additionally, integration into GBR is anticipated to simplify interactions between multiple bodies within the industry, which is expected to support reductions in administrative tasks for industry over the medium/long-term. The government consultation included a question on whether these proposals would have any impacts on businesses including micro, small and medium businesses. However, limited specific additional evidence around impacts on micro, small, and medium businesses was received on this question, beyond that set out in Section 5 above. There could also be wider impacts on micro, small, and medium sized businesses within the supply chain, which are not captured here. However, these supply chain impacts are likely to be smaller and/or less direct than the immediate impacts on businesses captured within our assessment of administrative and familiarisation costs. This is because the focus of the legislation is making structural change among organisations responsible for train operations and infrastructure management, rather than the wider supply chain.

7. Regulatory scorecard for preferred option

The scorecards presented in this section provide a brief summary of the impacts assessed within this assessment. Detailed evidence to support each of the impacts described here is provided in the Evidence Base section later in this document.

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
Description of overall expected impact	The NPSV has not been quantified, as only a small proportion of the impacts have been monetised due to the nature of this primary legislation. The scale of many impacts is currently uncertain and is subject to the detail of policy development, including after primary legislation has been introduced. We have used the government consultation to help gather evidence on the expected impacts of the proposals. While we have been able to monetise the direct costs to government and businesses (set-up costs, administration and familiarisation costs), the potential benefits have not been monetised. The regulations are expected to have a positive impact on social welfare, largely driven by enhanced performance of the railways and cost efficiencies as a result of improved management by GBR and the creation of the independent passenger watchdog. While there will be significant set-up costs (largely for the creation of GBR), these are likely to be offset by the intended benefits of the proposals, as per the below points and the switching value analysis in the 'Evidence Base' section. This switching value analysis assesses what would need to be true for the benefits to outweigh the costs, in central, low and high-cost scenarios. Based on the results we deem a positive net impact most likely due to a combination of the benefits described in that section and below. These reforms will facilitate greater integration of track and train across the rail network, leading to reduced fragmentation in the system and clearer accountabilities. This is expected to lead to improved whole-system decision-making. For consumers, this may lead to improved performance of the network with fewer cancellations and delays for passengers, along with improvements to accessibility and local transport networks. This includes businesses that are users of the rail network. For businesses, this may lead to improved long-term certainty for the rail supply chain, leading to improved business confidence, lower costs and greater investment into the railways.	**Positive** **Based on all impacts (incl. non-monetised)**

	These measures will lead to initial set-up costs for the government, although will lead to efficiency savings for the rail system which may reduce taxpayer burden. Improved rail performance and connectivity, as well as supporting growth of rail freight, may also facilitate economic growth and associated wider benefits to the economy. The balance between performance benefits and efficiency savings will be dependent on future decisions by GBR and the government, who will need to make trade-offs between reducing taxpayer support and improving performance/service levels.	
Monetised impacts	While direct costs have been monetised, monetised benefits have not been presented given significant uncertainty regarding the scale of these. The scale, timing and form of benefits will be sensitive to future decisions regarding GBR design and implementation as the programme matures. The GBR design programme is continuing to develop and test options for the GBR operating model. GBR will bring together a fragmented industry into a single directing mind which we expect to drive significant benefits. Additionally, a large share of potential efficiencies is expected to derive from improved coordination in day-to-day decision making. Detailed design decisions will influence how these benefits are realised and in what form The quantified impacts therefore represent only a partial assessment. As described above, we expect that the net impact will be positive on the basis of the switching value analysis conducted within the 'Evidence Base' section. <u>Monetised costs</u> Administration and familiarisation costs: Monetised costs include the cost to public sector organisations to familiarise themselves with the new legislation and industry structure, and administration costs of new ways of working, such as for devolved administrations requiring greater resource to support their enhanced role in managing the railways. Familiarisation costs to public sector bodies: £0.43-3.01 million Administrative costs to public sector bodies: £1.97-3.07 million Administrative and familiarisation costs to businesses are additional to these and are covered in the next section. GBR set up costs: Set up costs relate to costs over and above existing spend within the rail sector required to support the transition and are expected to be one-off transitional costs that do not persist beyond the immediate set-up phase. Over the longer-term,	**Negative** **Based on monetised impacts (note that benefits have not been monetised)**

	GBR is expected to work with existing resources to deliver the operation of the railways. Estimated set up costs for GBR and the passenger watchdog: £200-400 million Costs and benefits to businesses and households are listed in the following sections.	
Non-monetised impacts	While it was not possible to monetise these, non-monetised impacts of the preferred option are expected to be positive. These measures will lead to: • Greater accountability and reduced fragmentation in the rail industry. • Improved management and performance of the railways. • Benefits for users, such as fewer delays and cancellations. Whilst not possible to quantify these benefits given uncertainty, the switching value analysis in the 'Evidence Base' section provides an indication of the potential scale of these benefits, such as reducing journey times for passengers. These measures will also support efficiency savings for the government, including: • Ensuring that planned NR efficiencies, which are at risk should planned reforms not go ahead, are not lost. • Horizontal and vertical integration efficiencies achieved through the integration of track and train and multiple operators. The NR efficiencies attributable to reform have been presented in the evidence base section (Table 24) which show that NR are expected to achieve £876 million of efficiencies relating to structural reform within CP7 (2024/25-2028/29). Econometric academic evidence from European and East-Asian railway systems finds that vertical integration (between track and train) is expected to be more cost efficient compared with vertical separation for rail networks with high network usage intensity, as is the case for the rail network in Great Britain.	**Positive**
Any significant or adverse	We do not anticipate any significant or adverse distributional impacts on specific groups within society.	**Neutral**

distributional impacts?		

(2) Expected impacts on businesses		
Description of overall business impact	The total business NPSV/EANDCB has not been quantified, as only a small proportion of the impacts to businesses have been monetised due to the nature of this primary legislation and the significant uncertainty regarding the scale of costs and potential benefits to businesses without further policy development. Whilst we have been able to estimate the potential administration and familiarisation costs to businesses, the potential benefits are not monetised. The switching value analysis in the 'Evidence Base' section highlights how benefits to businesses may outweigh the monetised costs. However, the overall impact is uncertain and dependent on GBR design and future decisions to be made on access, as explained below. Expected impacts on businesses include: • Administration and familiarisation costs as a result of changes to the structure of the industry. • Greater long-term certainty for the rail supply chain within the new rail structure, as well as reduced costs and complexity of interacting with the rail industry as a result of there being a single point of contact in GBR. Simplification may also contribute to reducing future costs for businesses associated with tendering and supplying goods or services. • Potential initial uncertainty for OAOs and freight operators as a result of reforms to the access regime. The longer-term impact on these businesses is uncertain and is dependent on future decisions to be made by GBR. • Businesses who are users of rail, such as those who rely on the transportation goods and corporate travel, will also benefit from improvements to rail performance.	**Uncertain**

Monetised impacts	The total familiarisation cost for businesses is estimated to be £0.33-2.29 million. Familiarisation costs to business relate to one-off costs to familiarise themselves with the new legislation and industry structure after the establishment of GBR as the single directing mind for the railway. Total administrative cost to businesses is estimated to be £0.18-0.28 million. Administrative costs to business relate to tasks that would be required after the stand-up of GBR. These involve both one-off tasks immediately after GBR stand-up, and ongoing tasks that will need to be completed on a recurring basis after stand-up. This includes one-off costs for freight and OAOs to set up new processes and agree on new policies for access and charging. Administrative costs associated with contractual changes as train operators are brought into public ownership are out of scope of this Impact Assessment as they are a result of the Public Ownership Act.	**Negative** **Based on monetised impacts (note that benefits have not been monetised)**
Non-monetised impacts	Businesses are expected to see various benefits as a result of these measures, including: • Greater long-term supply-chain certainty and business confidence. • Lower bidding costs, as companies currently supplying TOCs may no longer need to bid for contracts with multiple individual TOCs to provide their services. This is dependent on the design and structure of GBR which is still to be developed. • Improved productivity for businesses who are users of rail. The wider supply chain may also incur some familiarisation costs; however, we have not monetised these here. This is primarily because any such familiarisation costs are more likely to be second order (indirect) impacts than for the organisations immediately affected by the proposals. The impact on open access and freight operators is uncertain and dependent on any changes to future access charges, guidance from the Transport Secretary, the new access and use policy, and decisions to be taken by GBR. A time limited power for the Secretary of State to amend existing access contracts will be a necessary backstop to ensure that the transfer to the new access and charging regime under GBR can happen. This is a necessary mechanism to ensure a workable system, and is therefore not expected to lead to any additional impacts to those described above.	**Uncertain**
Any significant or adverse distributional impacts?	No. These measures will largely only impact businesses within the rail sector, such as ROSCOs, Train/Freight Operating Companies, and OAOs. While this may incur costs to them, this is proportionate and unavoidable as it is the only way to meet the objective of the measure and will likely be offset by	**Neutral**

	the benefits described above. These businesses are not significantly clustered within one specific area, so no major adverse geographical impacts are expected. These measures are not expected to result in significant material direct impacts on small, micro and medium businesses. This is covered in more detail in section 5 and 6.	

(3) Expected impacts on households		
Description of overall household impact	These measures are not expected to impose any costs to households. The transition will be carefully managed and therefore transitional impacts, such as disruptions, are expected to be limited. This is because the industry is maintaining the capability and expertise across organisations to continue to manage the railways. These measures are expected to lead to improvements in passenger experience as management and performance of the railways improves.	**Positive**
Monetised impacts	The total household NPSV/EANDCH has not been quantified due to the nature of the primary legislation meaning the scale of benefits to households/consumers are uncertain without further policy development and decisions to be made by GBR.	**Neutral**
Non-monetised impacts	Consumers may benefit from improved performance of the railways leading to fewer cancellations and delays, as well as greater integration with local transport networks. This may lead to time-savings for passengers, although the extent of this is uncertain and depends on future decisions to be made by GBR. Consumers may also benefit from greater passenger experience such as improved accessibility, information and safety of the railways and a simpler ticketing system.	**Positive**
Any significant or adverse distributional impacts?	We do not anticipate any significant or adverse distributional impacts on specific groups within society. We do not expect detrimental impacts on certain groups. However, those that use rail most are likely to be impacted more by the proposals. For example, evidence from the 2024 National Travel Survey[40] shows that younger age groups tend to travel more frequently on rail than older age groups. The 21-29 age group travels by rail the most (averaging 39 trips per year), decreasing by each age group with those aged 70+ travelling least often by rail (averaging 7 trips per year). Similarly, ethnic minorities tend to travel more frequently by rail (averaging 24 trips per year) than passengers of white ethnicity (averaging 20 trips per year). These groups that travel by rail more are therefore more likely to be impacted	**Neutral**

National Travel Survey (2024). NTS 2024: Introduction and main findings - GOV.UK

	more frequently. Conversely, those with disabilities or mobility issues tend to use passenger rail services less frequently. Therefore, they are expected to be impacted less frequently by improvements to rail performance, but may see disproportionate benefits as a result of accessibility improvements. The National Travel Survey also indicates that rail usage differs geographically, with the frequency of trips greater in urban areas such as London, and fewer services in rural areas and regions such as North East England and the East Midlands. Passengers in areas with greater rail connectivity are expected to be impacted more by changes to the railways. The overall intention of the regulations is to deliver improvements across the rail network that enhance service quality, accessibility, and customer experience for all passengers, regardless of their background or circumstances. Whilst this would lead to more frequent positive impacts to those who utilise rail more often, it is possible that they may also experience more negative impacts should there be issues with the reforms. These expected variations in frequency of impact are a result of passenger usage, which pre-dates the introduction of the regulations and therefore cannot be attributed to the regulations.	

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: **Does the measure impact on the ease of doing business in the UK?**	These rail sector proposals aim to boost investment and innovation by increasing accountability and supply chain certainty. GBR's unified decision-making will support business confidence, encouraging private sector investment and new technologies. The Long-Term Rail strategy and Rail Freight Growth Target will signal the need for clear goals relating to innovation and efficiency. GBR may simplify private sector participation in rail markets through creating a unified point of engagement for businesses. Investors in freight and open access operations may be deterred by the reforms to the access framework and fears of GBR favouring its own operators. However, investors may be reassured by the independent appeals role of the ORR and by inclusion of statutory duties to ensure that GBR's access decisions are transparent and accountable; that it ensures fair treatment for all operators wishing to access the GBR-managed network; and the statutory duty to promote rail freight taking into account the overall growth target(s) set by the Transport Secretary and any freight strategy / policy set by Scottish Ministers. GBR must also regard any Directions issued by the	**Supports**

	Transport Secretary in relation to rail freight when exercising its statutory functions. The actual impact on open access and freight operators is uncertain and is dependent on future decisions to be made by GBR, driven by guidance from the Transport Secretary. The future competitiveness of the ticket retailing market could be questioned, as those with an interest in the market might expect GBR's retailer to occupy a significant market share and take steps to preference its own retail business over others. However, the government is bringing forward safeguards to ensure a vibrant and competitive market, some of which are included in these proposals. These include provision for ORR to issue codes that will govern GBR's activity (in particular, when operating retail industry management functions) and an ability to challenge GBR decisions that is overseen by the ORR. Improving rail system efficiency and reliability can reduce operational costs and facilitate improved use of the railways for businesses who rely on rail, such as those who require transport of goods or employee travel.	
International Considerations: **Does the measure support international trade and investment?**	These measures are not expected to have any significant implications on international trade or investment. These measures include a power for the Transport Secretary to make regulations to implement the Luxembourg Rail Protocol, which may support increased private sector financing opportunities in the UK's railway market. However, the impacts of this measure are subject to secondary legislation and are uncertain, so are not assessed in detail in this IA. There could be indirect impacts on international attitudes to investment in UK rail, however it is difficult to determine what these are as they depend on attitudes to GBR, which are uncertain.	**Neutral**
Natural capital and Decarbonisation: **Does the measure support commitments to improve the environment and decarbonise?**	These measures are expected to have a positive impact on decarbonisation of the economy. This is a result of proposals to promote rail freight and improved performance of the railways, supporting modal shift towards rail from more polluting modes such as road.	**Supports**

8. Monitoring and evaluation of preferred option

Many of the intended impacts are expected to be achieved through a combination of reforms, i.e. through the Railways Bill in combination with the Passenger Railway Services (Public Ownership) Act. As a result, we intend to evaluate wider reform to assess the overall impact.

An evaluation scoping study has been considering how to deliver the evaluation of the Rail Sector Transformation programme. We expect to develop an evaluation strategy following the scoping study to identify how evaluation will be applied proportionately across the programme and where the priority areas are to deploy evaluation resource. This will look across the whole of the rail sector transformation programme to schedule evaluations at a time that not only spreads evaluation activity in a manageable manner but also seeks learning from interventions that are available in a timely manner to inform the ongoing development of other elements of rail reform. Overall, the evaluation is expected to aim to answer the following primary evaluation questions:

- Is the programme being delivered optimally and as planned?
- To what extent has the programme achieved the expected outcomes for its intended beneficiaries?
- To what extent can the outcomes be attributed to the programme?
- Has the programme been cost effective, compared to alternative approaches (or doing nothing)?

The overall evaluation is expected to take a theory-based approach, as there is a lack of a counterfactual due to the programme consisting of whole industry reforms, limiting the potential to draw on experimental designs. This approach will examine the mechanisms by which the programme is expected to deliver its outcomes. As well as providing a way for the broader context to be considered including potential unintended consequences and external factors, such as other policy changes or changes in economic, social and environmental factors which may influence outcomes or pose challenges to assessing causality of impacts.

There are established data sets in rail which will enable programme level evaluation, such as LENNON data, which captures all rail journeys and tickets sold and can be used to assess impact on demand and revenue. Performance statistics are also published regularly by the ORR and customer experience data is expected to be available via the Rail Customer Experience Survey (RCXS).

The Railways Bill is an enabler for key delivery mechanisms, and we therefore expect to assess the extent to which a process evaluation would add value. A process evaluation could capture how these mechanisms such as GBR are being delivered using qualitative methods to understand perceptions of how well it is operating as well as administrative data on delivery. This could provide important context for how the overall impacts being captured at programme level are progressing.

Additionally, some functions GBR will deliver lend themselves to bespoke evaluations, such as changes to fares and ticketing, for which it may be possible to use quasi-experimental designs to assess the extent to which expected outcomes are being achieved. We have been working with industry to develop their evaluation capabilities to enable them to embed evaluation into the design and delivery of interventions and report on the impact these are having before deciding whether to scale interventions up.

We expect the evaluation, alongside benefits monitoring, to encompass the SMART Objectives and Critical Success Factors outlined in Sections 3 and 6.

Post Implementation Review

There is no legal requirement to conduct a Post Implementation Review (PIR) at this stage, in accordance with the Small Business, Enterprise and Employment Act 2015.[41] However, the need and timings of PIRs for any further proposals at secondary legislation stage will be determined in accordance with that policy's requirements and logistics. DfT will take a proportionate approach to monitoring and evaluation of the policy to meet ministerial priorities. Performance statistics are also published regularly by the ORR.

Potential metrics for assessing progress of sector

The proposed interventions are expected to lead to a range of high-level benefits for the Rail Sector Transformation Programme, which are described in the table below, alongside an initial assessment of potential metrics that could be used to assess the sector's progress against them. These metrics are not all currently available to the DfT but provide an indication of the type of data we would intend to use to assess progress of the sector. The below pillars (customer, financial, sector and society) are expected to cover the main areas of benefit for the programme. Further scoping of the evaluation activity (and associated metrics) needs to be guided by alignment with the long-term rail strategy to support the identification and prioritisation of areas where evaluation can deliver the greatest value.

Table 13. Rail Sector Transformation Benefits and Metrics

Benefits pillar	High level benefit	Benefit description	Potential metrics for assessing progress of sector
Customers	A quality passenger experience	Exceeding passenger expectations with a reliable end to end service, and a quality customer offer both on the train and at the station.	Public Performance Measures (PPM)
			Cancellations and Significant Lateness (CaSL)
			Trains per hour
			Platform wait time
			Number of interchanges required and interchange time
			Number of services or connections (stops)
			Number of places (stops) that can be reached within a defined time of origin stations
			Number of seats available on trains
			Number of carriages on trains
			Standing space on trains
			Customer satisfaction scores (including cleanliness, station facilities, staff helpfulness/availability,

[41] UK Government Legislation. https://www.legislation.gov.uk/ukpga/2015/26/part/2/crossheading/secondary-legislation-duty-to-review [Accessed June 2025]

			frequency/punctuality of trains, provision of information etc.)
	Simpler, more affordable tickets	Delivering straightforward and better value ticketing via a clearer, more consistent customer offer.	Satisfaction with ticket buying facilities
			Journey Value for Money satisfaction score from Customer Experience Survey
	Improved use of freight	Realising the long-term potential of the freight market, with more companies choosing to deliver goods by rail.	Number of paths available to freight operators
			Freight net tonne kilometres moved
			Volume of freight transported across the network by commodity type
	Safe service	Ensuring safety and employee wellbeing standards are maintained, tackling crime and wider passenger safeguarding.	Number of slips, trips and falls etc. at stations and on board trains
			Number of reported criminal incidents at stations and on trains
			Number of stations with 'Secure Stations Scheme' accreditation
			Number of train accidents by severity
	Accessible service	Creating trust and confidence in the railway with strategic interventions to improve accessibility for all passengers.	Number of stations with step-free access to and between all platforms
			Compliance with industry standards
Financial	Cost savings	The most cost-effective use of the network, with teams and roles designed efficiently to deliver value for money and a sustainable railway.	Changes in DfT rail funding
			Maintenance and operating costs
	Revenue enhancements	A fully utilised network that delivers optimal revenue, balancing the competing goals of delivering a public service while enabling GBR to act with commercial autonomy to grow revenue and make effective trade offs.	Passenger and freight revenue
			Station/commercial revenue
			Changes in business activity
Sector	Attract and retain talent	Improved working environment, with	Number of jobs/apprenticeships created

		increased skills and capabilities across the workforce.	Number of individuals with certain qualifications/skills in the industry
	New collaborative culture	A collaborative one team approach to working together to provide a high performing service.	Effectiveness improvements
Society	Local community needs are better served	A rail network that is responsive to the needs of local communities, and efficiently integrated with the wider public transport system.	Number of interchanges required and interchange/dwell time Integration of fares and ticketing between modes of transport Number of communities with pay as you go ticketing
	Enhance rail's contribution to environmental sustainability	Focussing on the actions that will have the greatest impact on meeting the government's net zero and wider environmental commitments.	Change in Greenhouse Gas emissions
			Change in noise pollution
			Passenger and freight modal shift
	Contribute to economic growth and productivity	The rail network contributes its full potential to local economies both in its provision of services and in the use of its estate.	Number of houses/homes built
			Radius/catchment area to jobs
			Property price trends

By targeting these benefits, it is expected that the proposal will contribute to meeting the rail sector objectives described above. In doing so, the proposal will also contribute to the government's wider missions to kickstart economic growth, break down barriers to opportunity by providing better access to jobs for working people, and also provide support to making Britain a clean energy superpower. These are underpinned by a benefits framework that categorises the impacts against key stakeholder groups: Customers, Financial, Sector and Society, enabling impacts to be better understood based on who will be affected.

Timing of benefits will be dependent on the pace that this is delivered, but it is likely that several key benefits of the change will take time to be fully realised. Many benefits will only be delivered once GBR is established and the changes to the roles of other bodies and the governance arrangements have been in effect for several years.

9. Minimising administrative and compliance costs for preferred option

Within the Evidence Base section below, we have described and provided indicative estimates for the anticipated administrative and familiarisation costs associated with the preferred option.

The preferred option will introduce a significant change to the structure of the rail sector, which does not impose a significant direct regulatory burden but will introduce a non-trivial time cost associated with familiarisation with the new industry structure.

These costs include activities relating to understanding how the industry structure will change, how organisations will interact differently within this new structure, and how ways of working and responsibilities between organisations will change. These represent a one-off cost associated with the transition to the new industry structure, which will fall to organisations within the rail sector, its supply chain, and organisations outside the rail sector that interact with rail:

- A significant burden of this familiarisation cost will fall upon the government or publicly-owned organisations, including publicly owned operators and infrastructure managers, and local governments.
- Private sector businesses, including private sector passenger and freight operators, and businesses within the rail supply chain, will also face some familiarisation costs.
- There are limited anticipated familiarisation costs for households.

In addition, there are some ongoing administrative costs associated with the proposal. For example, where an organisation takes on new responsibility, this is likely to be associated with an increased administrative burden.

A certain level of costs associated with administration and familiarisation within the new industry structure is unavoidable. However, the government has sought to minimise the size of this burden through close and targeted engagement with affected parties and by setting out detail on the proposals in the related public consultation, government response, and other technical policy documents published alongside legislation to aid familiarisation. This close engagement will continue in the lead up to, during, and after the transition to the new structure. Many anticipated changes in responsibilities represent transfers, whereby existing administrative activities are transferred from one organisation to another, rather than representing an incremental increase in the total administrative burden.

Additionally, integration into GBR is anticipated to simplify interactions between multiple bodies within the industry, which is expected to support reductions in administrative tasks for industry over the medium/long-term. Minimising the administrative burden in this way will support the commitment to reducing regulatory administrative burdens by 25% by the end of the Parliament.[42] As announced in the Prime Minister's speech of 11 March 2025, this forms part of the government and the Prime Minister's drive to review and streamline the entire regulatory landscape as part of a wider effort to kickstart economic growth by reshaping the state and making regulation work for the country, rather than block progress. In order to minimise the impact on businesses, the government will provide clarity to the industry about the new structure to aid familiarisation and any ongoing administrative tasks for businesses.

[42] UK Government (2025). https://www.gov.uk/government/news/radical-action-plan-to-cut-red-tape-and-kickstart-growth

Declaration

Department:

Department for Transport

Contact details for enquiries:

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Minister responsible:

Secretary of State for Transport

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed: 

Date: 04/11/2025

Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year: 2024

PV base year: 2025

	0. Business as Usual (Do Nothing)	1. Non-Legislative Option	2. Legislative Measures (Preferred Option)
Net present social value	Not quantified.	Not quantified.	Not quantified. While we expect significant benefits from the reform, the scale of those impacts is currently uncertain and is subject to the detail of policy development, including after primary legislation has been introduced.
Public sector financial costs	No additional costs to public sector. Government continues to provide net operating subsidies to Network Rail and franchised Train Operators.	Costs to support the transition and greater integration under shadow GBR.	Set up costs for the creation of GBR and the passenger watchdog: £200-400 million Familiarisation costs to government (one-off): £0.43-3.01 million Administrative costs to government (10-year appraisal period): £1.97-3.07 million

Significant un-quantified benefits and costs	N/A	Expected to have similar types of impacts as the preferred option, but to a smaller extent. Benefits from horizontal integration can be achieved through integration of operators into DfTO as a result of the Public Ownership Act. Some benefits of vertical integration can be delivered without legislation, for example through alliancing between track and train. However, these impacts would be more costly and take longer to achieve without the accountability and reduction of fragmentation that GBR would bring.	Improved management of the rail system with greater accountability and reduced fragmentation, leading to more efficient decision-making and use of the network, fostering greater economic growth. Integration efficiencies as a result of reduced duplication, economies of scale and whole-system decision-making due to the integration of track and train and merging of TOCs. This is expected to be a net benefit against the costs of vertical integration, which include loss of competition and reduced specialisation. Improved passenger experience, possibly including more punctual and reliable train service, simpler ticketing and improved local transport networks. Potential short-term uncertainty during the transition period, potentially disrupting business-as-usual activities. Likely to be outweighed by greater long-term certainty and supply chain confidence, potentially leading to improved long-term planning, lower bidding costs for suppliers and increased investor confidence. Higher business certainty and supply-chain confidence, leading to lower bidding costs and greater investment.

Key risks	No specific risk costs have been monetised. Without the proposed legislation, the current fragmented rail system will continue. This creates continued risk of inefficient management of the railways, potentially leading to further cost inefficiencies and pressure on public finances.	No specific risk costs have been monetised. Potential risks of this option are uncertain as they depend on undetermined non-legislative activities. Nevertheless, the risk of not achieving the desired objectives through this option is higher, as there will be greater complexities and barriers to achieving integration benefits without legislation. There would remain a continued risk of inefficient management of the railways, potentially leading to further cost efficiencies and pressure on public finances.	No specific risk costs have been monetised. Potential risks include unintended consequences, union action, reduction of competition, and short-term uncertainty. Further detail is provided in the risks and assumptions section.
Results of sensitivity analysis	No sensitivity analysis conducted as impacts not monetised.	No sensitivity analysis conducted as impacts not monetised.	Central, low, and high estimates were produced for administrative and familiarisation costs where inputs/assumptions are uncertain. Further detail is provided in the risks and assumptions section. Central, low and medium estimates for these costs are below:

			Familiarisation costs (one-off): Low: £0.76 million Central: £1.97 million High: £5.30 million Administrative costs (10-year appraisal period): Low: £2.15 million Central: £2.75 million High: £3.35 million Switching value analysis was also conducted to assess what would need to be true for the benefits to outweigh the costs, given the significant uncertainty in estimating the benefits of these proposals. This is included in the 'Evidence Base' section below. Based on the results of this analysis we deem a positive net impact most likely.

Evidence base

This section sets out the rationale and evidence to support the assessments made within previous sections of the document.

First, we have set out the justification for the preferred option, including the key considerations and trade-offs around each of the key policy proposals.

Next, we have summarised evidence to support the assessment of impacts. This includes quantitative evidence to support the quantification of some impacts, as well as qualitative evidence for impacts that have not been monetised. As several impacts have not been monetised, we have used switching value analysis. This has included monetising direct costs (set up costs, administrative costs, and familiarisation costs) and assessing what would need to be true for these costs to be outweighed in order to deliver a positive Net Present Social Value. We have provided evidence to assess the benefits and disbenefits of the proposals, including financial benefits to government, improvements in the passenger offer, impacts on businesses, and economic and wider impacts.

Finally, this section considers wider impacts (such as impacts on the business environment, impacts on the environment, and equalities impacts), and key risks and assumptions.

Justification for the preferred option

The preferred option of establishing GBR through legislation includes the introduction of a package of legislative measures. These are described in detail in Section 4 above. Rationale and evidence that informed key decisions and trade-offs about the preferred option are presented below. In addition, the preferred option has been tested through the government consultation, from which evidence has been used to further refine and assess the impacts of the preferred option.[43] We have also assessed other sources of evidence such as case studies from the rail industry, both in the UK and internationally.

Leadership for Britain's Railways

Legislation will establish GBR as an arm's-length body with independence to make customer, planning and operational decisions nationally and at local levels. GBR will be fully integrated with no functional separation of infrastructure management and passenger services delivery functions required by statute or regulations.

This proposal has been designed so that the establishment of GBR meets the key objectives of integrating track and train and providing clear accountabilities. Other options to achieve this were considered, including increasing collaboration within the existing rail structure, establishing GBR with different powers and establishing GBR with functional separation of infrastructure and passenger services delivery.

Increasing collaboration within the existing rail structure without legislation was discounted as, while it would have some benefits, these would be limited. Full coordination of decision-

[43] The government's response to the consultation can be found at: https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future

making across infrastructure and services would remain impossible, given that existing legislation (e.g. the Railways Act 1993, Railways Act 2005, Access, Management and Licensing of Railway Undertakings) Regulations 2016) is designed around separation of track and train, in support of a privatised model, and produces unclear accountabilities and misaligned incentives. As noted above, existing legislation means NR is exposed to performance risk, the government is exposed to revenue risk, and the ORR is required to ensure fair competition. Moreover, any potential collaboration would be costly / inefficient, given the multitude of organisations that currently make up the rail sector landscape.

Designing GBR with a different balance of powers could have been achieved by allowing the Transport Secretary to use directions and guidance alone, rather than a licensing approach, and changing the approach to strategy, including by giving GBR full control or giving the Transport Secretary more scope for regular review. Depending on the approach taken, these would have given the Transport Secretary greater scope for intervention or GBR greater autonomy. The approaches that would have necessitated more frequent intervention and brought the Transport Secretary closer to operational decision-making were discounted as it was considered that these would not meet the government's position to establish GBR as a directing mind for the railway and would fail to provide the long-term certainty and industry expertise that is required to deliver the government's wider objectives. Conversely, the approaches that would have given GBR greater autonomy were discounted on the basis that there would not be sufficient space for the Transport Secretary to intervene and set the long-term strategy, thus failing to achieve the objective of accountability, or the Prime Minister's objectives to invite the British people in as partners in the business of change and to ensure that all funding, decisions, and regulations must deliver for working people and be held accountable for doing so.

Establishing GBR with separation of infrastructure and passenger services delivery was considered and could have been achieved by creating subsidiary companies beneath GBR, with separate responsibilities for infrastructure management and passenger services delivery. This was discounted on the basis that it would not achieve the key objective of integrating track and train in a single body. The DfT discounted the option of locking in a particular corporate structure in legislation (in this case, by not removing existing barriers to integration in legislation) and the final corporate structure of GBR will be confirmed outside legislation as part of GBR design.

Consultation feedback

In 'A railway fit for Britain's Future', the government consulted on its proposed intervention. There was broad recognition among respondents from across the sector and members of the public of the need for a directing mind across both passenger services and infrastructure, and of the fragmentation and unclear accountabilities in the current system. There was considerable support (73% of respondents) for the proposal that GBR should be empowered to deliver through reformed incentives – with only 9% of respondents disagreeing – and strong support (82%) for a simplified and streamlined regulatory framework, with only 5% of respondents disagreeing. The government has therefore decided to continue with the proposed approach as set out in the government consultation - streamlining the regulatory framework and integrating track and train under GBR to create clearer lines of accountability and reduce fragmentation. There were concerns from a

number of respondents, in particular accessibility stakeholders and passenger groups, that streamlining the regulatory framework could come at the cost of protections for disabled passengers and/or the public interest. GBR will be subject to a range of statutory duties. This will include duties intended to protect the interests of passengers (including those who have disabilities). GBR will also be subject to duties intended to ensure that GBR will consider the public interest in its actions.

The preferred option, as set out in section 4, was considered to best enable a functionally autonomous GBR while maintaining an oversight role for the Transport Secretary, in line with the key objectives of integrating track and train in a single organisation and having clearer accountabilities across the sector.

A new voice for passengers

Legislation will establish a passenger watchdog alongside GBR. The watchdog is intended to act as a single body for passengers which protects their interests and rights, provides advice, moderates unresolved complaints, monitors service standards and reports these publicly and transparently. To achieve this, the watchdog needs the capability to:

- Protect the interests and rights of passengers by acting as a watchdog.
- Conduct research, analysis and investigations on rail passenger experience to support the watchdog function.
- Advocate for better service standards and empower it to become a statutory advisor with its views being taken into account in key decisions affecting passenger services.
- Ensure operators/GBR deliver against established passenger focused standards by monitoring complaints and performance, highlighting where improvements are needed.
- Ensure the provision of an alternative dispute resolution function to passengers where they have unresolved passenger complaints.
- Set standards for minimum requirements for passenger experience on GBR and other operators' services and hold them to delivering these.

Four options were considered for establishing the watchdog:

1) do not establish the independent watchdog;

2) build the watchdog out of TF (the preferred option);

3) build the watchdog out of the ORR; or

4) create a new body.

The current landscape of passenger rights, standards, and redress is complex and unclear. Passengers dealing with poor performance are faced with a lack of clear routes to raise concerns or reliable mechanisms to bring about change. The creation of the passenger

watchdog is therefore linked to the key objective of clearer accountabilities across the rail sector, specifically on passenger standards. This links to the Prime Minister's objective to deliver an active government that delivers and serves working people by creating a passenger advocate that holds GBR to account to deliver for the passenger.

Option one (not establishing the independent watchdog) was discarded as it would leave the current fragmented landscape in passenger rights, standards and redress in place. While there would still be a watchdog in place in the form of TF, it would not have the necessary size and scope to create the clear passenger accountabilities that the passenger watchdog set out in 'A Railway Fit for Britain's Future' requires to fulfil its envisioned role.

The preferred option (option two) is to build the watchdog out of TF. This is because TF is already an independent watchdog for passengers, with cultural values that closely align with the single-minded passenger focus desired of the watchdog. It also has existing powers to assess and publish information about performance on the Great Britain's railways and England's bus and major road network, investigate issues affecting customers and make recommendations for improvement, providing advice to the Transport Secretary, regulators and others to act where needed. While some of these powers may need strengthening to make it more impactful and some expansion will be required, such as transferring the sponsorship of the Rail Ombudsman (RO) and most consumer functions of the ORR to the watchdog, TF would require the least change to take on the envisaged roles of the watchdog. Additionally, this option would also be quickest to implement of the three options for change.

Option three would require the transfer of the rail watchdog functions from TF to the ORR, alongside internal reorganisation within the ORR. While this would provide the simplest governance and oversight arrangements for the rail sector, it was discarded because the ORR would not be able to focus solely on the passenger while retaining wider regulatory roles or financial obligations towards service providers (for example, as the independent appeals body for operators including rail freight to ensure fair and transparent network access). Building from the ORR would also have negative impacts on TF, which would need to continue to act as the statutory passenger watchdog for other transport modes. Carving out TF's rail functions would add complexity to the overall transport consumer landscape and make the longer-term aspiration of a multi-modal passenger body more difficult to achieve, reducing the potential for the passenger benefits a multi modal body could provide.

The final option of establishing a new body (Option 4) would have the benefits of providing the ability to create the necessary culture for the watchdog from the start. However, it was discarded on the basis that it would lead to the most costs through impacts on staff and the costs associated with setting up an entirely new body. The scope limitations of a Railways Bill would mean it would not be possible to transfer the entirety of TF due to its multimodal functions (as with Option 3).

Consultation feedback

In 'A Railway Fit for Britain's Future', the government consulted on its proposed intervention. The proposal received considerable support, with 69% of respondents agreeing with all of the proposed functions for the independent passenger watchdog, while only 5% disagreed with all. Many respondents recognised that the current passenger landscape is fragmented and overly complex. There was also considerable support for the independent watchdog being a statutory advisor with regulatory functions; 66% of

respondents supported this approach, with only 14% supporting a statutory advisor without regulatory functions. A key theme among respondents was the need for the independent watchdog to have “teeth” to ensure meaningful outcomes for passengers. Suggestions for what exactly this should look like varied, but common themes were around standards-setting and enforcement powers, as well as ensuring the watchdog’s independence. However, key stakeholders including NR, the RO and TF expressed concerns that having two sector bodies with enforcement powers (both the independent watchdog and the ORR) could create duplication and risk introducing more fragmentation into the regime. The government recognises these concerns and in the interest of creating clear lines of accountability has therefore decided that the watchdog should have the power to set standards (with consent from the Transport Secretary and the ORR), undertake compliance monitoring and take action short of enforcement to highlight issues it finds and encourage improvements. However, where it is considered formal enforcement action is needed the watchdog would refer issues to the ORR to consider and take action, thereby avoiding potential duplication and/or conflicting enforcement action.

Making best use of the rail network

Access and Capacity Allocation

Legislation will be amended to enable GBR to become the decision maker for decisions on access terms that are currently led by the ORR: the duration and form of access rights, developing and setting the access charging framework, and the design of performance schemes. This is the preferred option for access because the current legislative framework is non-responsive, inflexible and rigid. This results in inefficient use of expensive national infrastructure, with service patterns that do not make best use of our assets; major delays to new timetables; and slower, more expensive projects that fail to deliver expected benefits, ultimately resulting in overly congested infrastructure and poorer services for passengers and freight operators. Establishing a new capacity allocation and access charging framework that is fit for purpose, based in legislation, and on which GBR is the key decision-maker, is fundamental to empowering it as a directing mind.

Following the consultation, the department has undertaken further policy development to ensure there is clarity on how GBR will make access decisions to enable best use of the network and operate services itself. GBR will be required to ensure that it has the available capacity it needs to run those passenger services that the government has required it to provide. This requirement will not change the proposition on access and capacity allocation that was set out in the consultation. GBR will need to work with devolved authorities, freight and open access operators to consider their aspirations for the services they want to run, and where these represent ‘best use’ of the network, they can expect to be awarded capacity commitments. The role of the ORR as an independent appeals body overseeing GBR’s access and access charging decisions (as set out later in this chapter) is also not impacted.

Charging

A new charging framework established in legislation will enable GBR to set the charges for use of its network, give discounts to support delivery of strategic priorities for the network and charge mark-ups where the market can bear it. The preferred option is to amend the

AMRs to remove GBR from the scope of these and any connected regulations. The AMRs will, however, continue to apply to other infrastructure managers (OIMs), including HS1 and the Channel Tunnel, where concession and international agreements are dependent on the continued application of these regulations and the role of the ORR. The preferred option is to include a delegated power in the Railways Bill to resolve any future inconsistencies and discrepancies between the two systems as processes under GBR continue to evolve.

Role of the ORR in access & charging

In the preferred option, the ORR will no longer be required to approve access or direct the sale of access rights for the GBR railway and will not set standard access terms for GBR. The ORR will act as the appeals body for access and charging decisions made by GBR on the GBR-managed network. Where non-GBR operators affected by a GBR statutory decision believe they have been treated unfairly or disadvantaged, they will have a right to appeal to the ORR. The ORR will determine whether GBR's decision is consistent with its legislative duties, any guidance from the Secretary of State and its own Access and Use Policy. If an appeal is successful, the ORR will select remedies on a case-by-case basis, determined in a way that proportionately considers the specific appeal in question. The ORR will be able to dismiss the appeal and support GBR's decision, send the decision back to GBR to reconsider or substitute GBR's decision with its own. The independent appeals function established in legislation will give GBR the space and authority to take long-term strategic decisions to ensure best use of the network while the ORR's independent role as an appeals body ensures robust oversight. This was the preferred option as it gave GBR the levers to be a directing mind for rail, in line with the key objectives of bringing track and train together and clearer accountabilities across the sector.

Provision for a time limited power for the Secretary of State to amend contracts and the Network Code

A time limited power for the Secretary of State to amend existing access contracts will be a necessary backstop to ensure that the transfer to the new access and charging regime under GBR can happen. This is because certain changes to existing contracts must be made to ensure that they function properly under the new system. A solution is required to ensure that in continuing to respect existing operators' schedule 5 access rights, the necessary changes to contracts are made to implement the new regime.

The Railways Bill will see the ORR's powers under S17-22C of the Railways Act 1993 and its corresponding Section 4 duties disapplied. As a result, the ORR will no longer be able to approve changes to existing access contracts and will have no legal basis to amend an existing contract without an operator's consent. This would mean that routine and periodic updates to access charges which are an essential requirement both now and in the future could not happen properly and existing contracts would become unworkable with no legal way of updating them.

Ahead of GBR stand-up, it is proposed that Network Rail will work with the ORR and engage and consult with operators to identify inoperable clauses and propose replacement wording to amend contracts.

The clause will provide the Transport Secretary with a time limited power to amend contracts and the Network Code if they that have not been amended following this

programme of engagement and consultation. It is to be used as a backstop measure only to ensure that existing operators (some of whom have several-year contracts) can transition to the new model and are not left with unworkable arrangements. The power to amend contracts will not be exercised lightly and would only be used as a last resort to ensure necessary changes to contracts, such as to reflect the changing role of the ORR and creation of GBR. We are committed to honouring ORR's Periodic Review 2023 final determination, including conditions on charging and incentives (up to Control Period 8 when GBRs new charging framework will be applied).

Alternative option (discounted)

During policy development an alternative option was considered. This option would have retained the existing architecture on access, especially the role of the ORR in the Railways Act 1993 (RA93), to grant and direct access on GBR's network. The legal framework that underpins today's access regime was originally set out in the RA93 and in 2005, issues and processes that sat at industry level such as capacity allocation and timetabling were transposed by the AMRs. This would mean that we would retain a complex and duplicative set of regulations designed for a privatised, vertically separated railway (i.e. where track and train are overseen by separate organisations) – making process change incredibly challenging and difficult to progress. This option would not have allowed GBR to be the directing mind needed to properly bring track and train together and would miss out on the opportunity to realise the benefits that could be derived from the collaboration, cooperation and simplification of a directing mind - moving towards a more strategic planning process for capacity allocation which can manage complex and significant timetable changes.

This alternative option was discounted for the following reasons:

Under this option, the role of the ORR on access and charging as set out in the Railways Act 1993 and the AMRs would have been retained. The ORR would remain the decision maker on access and charging on the GBR managed network, able to direct GBR to grant access where spare capacity exists, in line with ORR processes such as the Not Primarily Abstractive (NPA) test (a test developed by the ORR to help weigh duties to consider the Transport Secretary's funds, the promotion of competition to benefit passengers and value for money). The ORR would also retain its existing role in setting charges for use of the network at Control Periods (the 5-year timespan over which Network Rail receives Government funding for financial, operations and maintenance planning purposes). GBR would be subject to the AMRs. However, while GBR would be able to plan how its network was used, it would not be the directing mind as the ORR would remain in overall control of use of the network. This would not be consistent with the government's ambition to establish GBR as a directing mind.

The reforms made to primary legislation would have been limited, including;

- Widening the scope of the ORR's existing competition duty to ensure the impacts on taxpayers were considered alongside benefits to rail users of new Open Access applications.

- Although this option included a duty to promote rail freight, that is consistent with the government's rail freight growth target – it is important to note that maintaining the existing role of the ORR (as this option proposed) would have meant a lack of levers for GBR to grow rail freight.

Consultation feedback

In 'A railway fit for Britain's future', the government consulted on aspects of its proposed reforms to the access framework. The proposals received considerable support, with 62% of respondents agreeing that the proposed framework enabled GBR to be an effective directing mind that can ensure best use of network capacity, while only 14% of respondents disagreed. The government consultation yielded significant inputs from certain stakeholder groups, notably rail freight operators. These stakeholders gave evidence in support of providing for a strong role and wider scope for the ORR in its capacity as an appeals body, indicating through their evidence that any less of a role for the ORR would have a negative impact on the freight industry and its businesses. The stakeholders suggested the ORR should be enabled to issue directions to GBR and oblige GBR to act in a timely fashion when there is a successful appeal. This evidence has been considered and reflected in policy design, as was communicated through the Government's response to the consultation. The ORR will be able to issue remedies in instances where GBR is found to have acted in an unfair or discriminatory manner, not in accordance with its duties, its own published policies and criteria or any guidance from the Secretary of State. These remedies will be enforceable and proportionate to the specific offence.

Some stakeholders suggested that the ORR, rather than GBR, should continue as the body responsible for access decisions, rather than being an appeals body. The government has considered this evidence but will not proceed with the suggestion, as having the ORR rather than GBR as access decision-maker would not support the objective of a single directing mind able to take decisions on the best use of the infrastructure in the public interest, and ultimately better services for passengers and freight users and better value for money for the taxpayer.

Financial framework

NR is funded today through a process called the Periodic Review. This process is run by the ORR and sets out the amount Network Rail can charge railway operators for access to its infrastructure, as well as how much money government is willing to grant for the operation, maintenance, and renewal of railway infrastructure over a 5-year period. Legislation will amend the current Periodic Review process from a review of access charges into a cyclical funding process for GBR. GBR's financial control framework will not be included in legislation but will be developed in parallel, this is typical of financial frameworks as it allows flexibility to set the terms as circumstances change.

Drawbacks to the new proposals are inflexibility for government, as this process will sit outside of the Spending Review process, and a substantially long lead time for the planning and analysis needed to develop a long-term settlement, necessitating a significant amount of work across GBR, the ORR, and the new PR Funders (the Transport Secretary and Scottish Ministers). This is the preferred option, however, because it best enables the

efficiency, safety, and value for money benefits of longer-term funding commitments through economies of scale and supply chain certainty. It also allows GBR to take a long-term view unconstrained by mid-settlement uncertainty, leading to better outcomes over time.

Today, the ORR has a role in resisting changes to the determination made at the end of a Periodic Review to ensure a settlement is as stable as possible. Following the new Periodic Review, there will be a mechanism to ensure the ORR is notified of proposed material changes to the level of infrastructure funding agreed during the settlement period. We considered maintaining a strong role for the ORR, however this would not have enabled nor been consistent with the wider policy objectives related to changing ORR to fit its new enhanced advisory role.

The new Periodic Review will initially fund infrastructure operations, maintenance and renewals (OMR), but there will be the flexibility to determine all of GBR's 'public interest' activity funding (i.e. including delivery of passenger services and railway enhancements) through the process if Ministers decide this is appropriate. It was decided that only OMR would be covered initially because of the clear value for money and safety proposition. We considered funding all of GBR's 'public interest' activities through this process from the outset but decided against this due to a combination of increased uncertainty around passenger services budgets from factors such as demand and revenue forecasts, and the disruption caused by the creation of GBR necessitating increased funding flexibility for the government.

Other options considered include: discontinuing the periodic review to fund GBR exclusively through the Spending Review; and indefinitely maintaining the existing system, i.e. separate funding processes for infrastructure OMR (periodic review), and passenger services and enhancements (Spending Review). While these would have had the benefit of increased funding flexibility for government allowing for more reactive reprioritisation of funding, they were considered sub-optimal because these arrangements would not have met, or been able to in the future meet, the government's aim of an integrated GBR with the ability to take a system wide view when making decisions. With regard to the option to fund exclusively through the spending review, this reduction in funding certainty would have also reduced both the economic benefits that the periodic review brings to OMR related activity today and heighten the challenges around determining a well-informed settlement given the scale of the railway network and the lack of ORR involvement in the determination process. This would have made the delivery of the benefits of integrated planning and decision-making more challenging to realise in the long term.

Consultation feedback

In 'A railway fit for Britain's future', the government consulted on its proposed intervention. Overall, it received considerable support; 67% of respondents agreed with our proposed approach, 20% disagreed, and 13% were unsure. Therefore, following this feedback, our overall approach has not changed. However, we have provided more detail to clarify elements of our proposals which caused particular concern among certain stakeholder groups.

The majority of individuals and key stakeholder groups agreed with our approach. This included Devolved Governments, freight operators and rail trade unions. They cited the

success of the current regime and were supportive of mirroring this once GBR is established. There were positive reflections on the certainty this provided to the sector and the wider supply chain, noting stability and confidence were key to investment.

Of the 20% of respondents who disagreed with our approach, there were two key areas of concern which were raised repeatedly: the length of the settlement and the possibility of mid-period changes.

The length of the settlement

Concerns that the settlement period of 5 years was too short were raised by individuals and stakeholder groups such as Owning Groups and businesses in the Rail Supply Chain. These stakeholders felt this period should be longer to provide greater stability to the industry and allow for longer-term strategic planning. A minority of responses were also received suggesting the period should be shorter. However, these responses were much more infrequent.

Having analysed this feedback, we have proposed to keep the settlement period at 5 years. 5 years has long been established as the proportionate middle ground between stability, political change, and changes in the operational environment. Up to 5 years, the government can provide a robust settlement and objectives for GBR to deliver against without needing to review funding. If funds were to be committed for longer, external factors would more than likely require that the settlement be reopened. This rationale was recognised by the majority of respondents, with many highlighting the success of the established settlement length.

Mid-period alterations

Concerns that the settlement could be altered during the 5-year period were raised by individuals and stakeholder groups such as businesses in the rail supply chain, rolling stock companies, and regional governments. These stakeholders expressed concerns that mid-period alterations would lead to a lack of certainty for both the private sector and devolved partners, and requested clarity on this issue.

Having analysed this feedback, we have clarified our proposals on mid-period alterations in the government's response to the consultation. We have detailed that we are proposing a transparency requirement on mid-period reductions in the grant awarded through the new Periodic Review. This proposal will be committed to in legislation to provide additional reassurance for stakeholders. This means that material reductions to the funding settlement will be made public, with the potential for scrutiny. Outside of legislation, government aims to set out in advance how it plans to manage changes to the settlement grant. This should provide an extra layer of assurance to stakeholders.

The modernisation of rail fares, ticketing and retail

Legislation will enable GBR to set fares for its own services and the Transport Secretary will continue to have oversight of GBR's fares policy, as this is the key mechanism through

which the balance of taxpayer and passenger financial contributions to the railway will be managed. Open access and devolved operators will remain responsible for setting fares for services they operate. This is the preferred option because it empowers GBR to act with an agreed level of commercial independence – managing its own operating budget, growing revenue and driving reform, while balancing that with the need for the Transport Secretary to hold GBR to account. Together, these were judged to best meet the objectives of integration and clearer accountability.

We also considered where the oversight role for fares setting could sit instead of with the Transport Secretary, for example with an industry regulator or the planned passenger watchdog. However, these options were both discounted due to the ongoing need for taxpayer subsidy of the railway and therefore the need for the government to have oversight of fares policy as a lever to balance the contributions of taxpayers vs passengers, which is itself a political choice that only the Transport Secretary and wider government is equipped to take. Given we also do not think it advisable for an industry regulator or passenger body to take on revenue risk for the railway, they would lack the correct incentives to manage fares parameters and in turn rail revenue effectively to manage the ongoing subsidy burden.

Legislation will also enable GBR to retail at stations, ticket vending machines (TVMs), online and, in some places, onboard trains - all the channels through which TOCs sell tickets today. This will ensure that GBR can provide a high-quality retail offer that maximizes value for passengers and taxpayers. Additionally, legislative provisions contribute to ensuring a *fair and open* market for all retailers – such that they can deliver for the public benefit and in line with business objectives.

GBR taking over station and on train retailing will ensure that passengers who cannot use digital ticket purchasing and fulfilment methods can still buy tickets e.g. those without access to a smartphone or the internet. GBR will also be able to leverage efficiencies e.g. in future procurement of TVMs or other equipment where currently individual TOCs each have separate contracts with suppliers.

Consultation feedback

In ‘A railway fit for Britain’s future’, the government consulted on its proposed approach to fares and ticketing, receiving considerable support. When asked if they agreed with our proposals to preserve the Transport Secretary’s role in fares, and continuing to protect discount schemes, 74% of respondents agreed,15% disagreed, and 12% were either unsure or expressed no preference. Therefore, following this feedback, our overall approach to these aspects has not changed.

Both the majority of individuals and key stakeholder groups agreed with our approach. This included regional governments, passenger rights groups and private sector companies in the rail sector.

Of the 15% of respondents who disagreed with our approach to fares, there were two key areas of concern which were raised repeatedly: affordability of fares and the role of the Transport Secretary in our proposals.

Affordability of fares

While the government consultation did not explicitly seek views on affordability, this theme was raised by both individuals and stakeholder groups such as companies in the rail supply chain and local councils. Having analysed this feedback, we have clarified in the government response to the consultation that legislation is not the right avenue for addressing the level of fares charged as it would be too rigid and difficult to adapt. We also provided more detail on how railcards and discount schemes will be protected in legislation to ensure individuals can still access these to reduce the cost of their fares.

Role of the Transport Secretary

While many individuals and stakeholders such as regional governments and TOCs supported our proposed role for the Transport Secretary in securing overall affordability of fares, some individuals and a small number of organisations raised concerns about this. Primarily these concerns focused on the fluctuations and changes that could occur during the electoral cycle. Therefore, some respondents felt either GBR or the passenger watchdog should take on this role. Having analysed this feedback, we clarified the benefits of having this role sit with the Transport Secretary as part of the government response to the consultation. We highlighted it is important that there is a democratically accountable figure with levers to influence and manage the overall level of fares to balance the interests of passengers and taxpayers. This rationale was recognised by the majority of respondents, with many highlighting the importance of having a democratically accountable figure overseeing the process.

Retail market

Our consultation approach to the retail market was more qualitative as we sought views on how the government could ensure a thriving private retail market operating alongside GBR. We received responses to this from individuals, key stakeholder groups such as existing third-party retailers, and an organised campaign. Third party retailers welcomed the importance the government consultation placed on ensuring a thriving private sector retail market but asked for further protections to be included in legislation to ensure this. Conversely responses from individuals and the organised campaign questioned the need for a third-party retail market and raised concerns this would encourage profit to be prioritised over passengers.

Having analysed this feedback, we decided our proposals balanced the interests of passengers, taxpayers, and third-party retailers. By ensuring that GBR has a strong retail offer that operates alongside a continued third-party sector, we can ensure passengers receive the benefit of the competition these organisations bring to the industry. Our proposals will ensure the current fragmented system is streamlined, simplified, and accessible, aligning with both our objective to improve and reform the sector for passengers alongside wider government objectives on addressing fragmentation and duplication.

Devolution

Alongside maintaining existing devolved arrangements in Scotland, Wales, London and the Liverpool City Region, legislation will create a statutory role for Devolved Governments and Mayoral Strategic Authorities (MSAs). GBR will have regard to devolved transport plans and strategies. GBR will consult Devolved Governments and Mayoral Strategic Authorities when

making certain decisions that will significantly affect the interests of the economy of people living in, working in or visiting a particular area; namely, significant changes to GBR services that stop in the relevant consultee's area or additions to the GBR network in that area. Outside of legislation, GBR will agree partnerships with MSAs to enable greater local influence and control over the local rail offer. Partnerships will range across a spectrum and will be flexible to the ambitions and capability of MSAs, recognising the evolving devolution picture across England. A mayoral partnerships framework has been developed which sets out the options for future partnerships, ranging from strategic engagement, local collaboration and investment, through to local commissioning of services and devolved control.

Existing legislative mechanisms to allow further devolved control will remain in place, enabling the 'right to request' devolution for Established MSAs, as outlined in the English Devolution White Paper. Although partnerships do not require specific legislation and the framework is not being included in statute, amendments to legislation will support it, including enabling GBR to enter into arrangements with MSAs to fund GBR services and wider activity should this be agreed in future. Not legislating in this area was therefore discounted as it was felt that partnerships would not otherwise fully achieve their intended benefits. A broader role in legislation for mayors would have further strengthened their formal role in the railway but was discounted because it would risk inhibiting GBR in its ability to act as a directing mind for the network, recognising that GBR will need to balance local and regional interests with what is right for the national network. Therefore, the preferred option was taken forward because it was considered to strike the right balance between empowering devolved leaders while not overly restricting GBR in carrying out its activities.

In Scotland, we intend to legislate to allow the relationship between GBR, public operators in Scotland, and the Scottish Ministers to evolve over time to enable integration of track and train. Options here include GBR operating services on behalf of Scottish Ministers or services being operated through a body jointly owned by both governments. A similar approach is being taken in relation to Wales, with the intention that as a minimum there will be a close partnership between GBR and Transport for Wales.

This approach to Scotland and Wales is the preferred approach as it respects existing devolved accountabilities and provides the flexibility to further engage with the devolved governments on future arrangements with GBR. Merely enabling GBR to operate devolved services closes off options and limits the scope to adequately collaborate with the devolved governments on next steps.

Feedback from the Railways Bill Consultation

In 'A railway fit for Britain's future', the government consulted on its proposed interventions for devolved leaders.

Overall, there was considerable support; 64% of respondents agreed with our approach, 14% disagreed, and 22% were unsure. Therefore, following this feedback, our overall approach has not changed. However, we have provided more detail to clarify elements of our proposals which caused particular concern among certain stakeholder groups. The majority of individuals and key stakeholder groups agreed with our approach.

Liverpool City Region Combined Authority, the Mayor of London, the Urban Transport Group, and Greater Manchester Combined Authority all expressed the desire for MSAs to have control over their local railways, as well as taking on responsibility for revenue risk and managing delivery locally. Further devolved control supports the SMART objective of increase joined up decision making between rail and areas where decisions are taken locally but there is a risk that it would come at the expense of one of the core principles of GBR of integrating track and train into one organisation and also the objective of creating clearer lines of accountability. Primarily, MSAs will agree partnerships with GBR which will enable elements of local influence and control. These will be appropriate to the capability and ambition of the MSA and shape of the local railway, delivering on SMART objective three. The government has also committed to a right to request further devolution for Established MSAs where they feel they could more effectively run services or assets. Guidance will be published to outline the process and criteria that will be considered, including the wider national network implications of devolution.

Other tiers of local government also expressed concern that there should be a broader scope to the statutory role for devolved leaders and that it should be extended to local authorities without mayors. While again that would support SMART objective three of linking the railway more closely with local communities, it would affect the objectives for better decision making across the rail network and clearer lines of accountability. The government will therefore not be progressing with this measure. The intention is that GBR will engage with all levels of local government and further detail will be provided on how that will operate as part of GBR design development.

Devolved Governments

In ‘A railway fit for Britain’s future’, the government also consulted on its proposed interventions for Wales to enable the benefits of rail reform to be felt there while respecting existing devolved responsibilities. Overall, 60% of respondents agreed with our approach, 13% disagreed, and 27% were unsure. Therefore, following this feedback, our overall approach has not changed, and we will continue to engage with the Welsh Government on future arrangements.

Concerns were raised that the Welsh Government was not responsible for most infrastructure in Wales and would need to rely on GBR for its management, meaning that track and train would not be fully integrated. The importance of not impacting freight flows and cross-border services, including devolved services operated by Transport for Wales, was also highlighted. This was expressed by freight, local authorities, supply chain, and other private sector stakeholders. These points will be considered in discussions with the Welsh Government and wider rail industry on the future model for GBR in Wales & Borders.

In ‘A railway fit for Britain’s future’, the government also consulted on its proposed interventions for Scotland to respect existing devolution and build on progress made on track and train integration. Overall, 62% of respondents agreed with our approach, 11% disagreed, and 27% were unsure. Therefore, following this feedback, our overall approach has not changed, and we will continue to engage with the Scottish Government on future arrangements. Some respondents, including business representative groups and other private sector stakeholders highlighted the importance of maintaining cross-border services and freight connectivity, as well as building on progress made by the ScotRail Alliance.

Having analysed this feedback, we will ensure that such matters are considered in developing for the future model for GBR in Scotland.

Other amendments

Freight

Legislation will create a statutory duty for GBR to promote the use of rail freight. GBR, as the sole decision maker for the vertically integrated railway (track and train), will be the 'directing mind' over the use of the network, balancing the needs of its own GBR operators, as well as Open access and freight operators. The duty will ensure freight operators are treated in an equitable manner in relation to passenger services (GBR operators and other open access services) and incentivise the growth of rail freight. GBR will be required to consult on how it fulfils its duties and legal obligations for access to and use of the network. This will be done through the development of GBR's Access and Use Policy. GBR will also have a duty to regard any freight growth target issued by the Transport Secretary or freight policy / guidance of the Scottish Ministers (in relation to Scotland) and must regard any Directions issued by the Transport Secretary in relation to rail freight when exercising its statutory functions.

An alternative option could have been to maintain the current access regulations which state that a rail operator must be granted access to the network on 'equitable, non-discriminatory and transparent conditions'. However, as detailed above in 'Approach to access, charging and capacity allocation', the changes were necessary to give GBR the levers to become the Directing Mind for rail. The preferred option of a statutory duty for GBR to promote the use of rail freight therefore allows GBR to act as a directing mind while providing protections for rail freight alongside the Transport Secretary's Rail Freight Growth Target to incentivise the growth of rail freight on the network.

Luxembourg Rail Protocol

Legislation will give the Transport Secretary the power to implement and ratify the Luxembourg Rail Protocol. The purpose of the Luxembourg Rail Protocol clause in the Railways Bill is to give the UK the power to lay secondary legislation in due course to implement the Luxembourg Rail Protocol to the Convention on International Interests in Mobile Equipment (the "Cape Town Convention"). This is a new opportunity for the UK to support and boost private sector financing opportunities in the UK's railway rolling stock market, as well as increase opportunities for UK businesses – for example, lenders or lessors – to participate in overseas financing activities with lower risk, and therefore cost. Without the legislation, creditors financing rolling stock continue to be exposed to risk in the event of default or insolvency when rolling stock has crossed a border and is located in another territory – the Protocol aims to address this risk.

Alternative options would have been to either do nothing and maintain the status quo or for the government to seek other legislative opportunities to implement the Protocol, outside the Railways Bill. However, it is worth noting that the UK made a commitment to implement the Protocol by signing up to it in 2016. If we did nothing, there would be a risk that the UK, reputationally, was seen as unreliable and not prepared to fulfil its international obligations. Additionally other countries are implementing the Protocol, and we would potentially be

disadvantaged in relation to the financing offers available in those countries both for domestic rolling stock and export financing opportunities. Further, the Railways Bill is the logical legislative vehicle via which to bring forward powers to implement the Protocol.

Regulations to reform the train driving licensing and certification regime

Legislation will give the Transport Secretary powers to lay secondary legislation to amend, update and/or revoke provisions in the Train Driving Licences and Certificates Regulations 2010 (the "TDLCR") and related train driving assimilated law, which sets out the mainline requirements to be a train driver in Great Britain. These powers will enable the Transport Secretary to implement reforms to the TDLCR and keep pace with developments in this area in the future. This follows the findings of the second post-implementation review ("PIR") of the TDLCR published on 19 May 2023 that identified areas for improvement in the regime and made several recommendations for change, which the Department for Transport plans to explore with the rail sector. The Transport Secretary is currently unable to make the types of changes that we envisage are necessary to address the issues identified by the PIR using existing powers in a practicable and efficient way.

Alternative options have been considered. One of these would have been to depend on primary legislation to amend the regime, but this would be sub-optimal as the main mechanism for reform. There is a need to reform the TDLCR not only in respect of the current issues as identified in the PIR, but on an enduring basis, to keep pace with technological advances as well as changing methods and best practice. If amendments were only to be made via primary legislation, a Bill would be required for each and every amendment, regardless of how minor.

The administrative burden of primary legislation, as well as the additional difficulties of finding space in the Parliamentary timetable, could lead to delays in making functional improvements to the regime, which could in turn have commercial or safety implications for industry and the public. For this reason, primary legislation is not the most appropriate place to make these types of regulatory amendments. Secondary legislation, on the other hand, is a simpler legislative process, with a lower administrative burden, and allows more flexibility in how and when legislation can be amended. This is particularly relevant in the context of the train driving profession where there is an ongoing need to periodically revisit the TDLCR to take account of the experience gained in the application of the law and respond to the changing technological environment.

The second alternative option would be to lay secondary legislation under powers available in the Retained EU Law (Revocation and Reform) Act 2023, but these are unsuitable for the needs of reforming the TDLCR, which require amendment both now and in the future. The reasons for this are two-fold; firstly, the 'one-shot' nature of the powers, meaning they can only be used once; secondly, the fact they expire on 23 June 2026. These limitations preclude any possibility of amending the TDLCR on the enduring basis required by both the government and the rail sector and would not therefore be an appropriate mechanism for implementing ongoing reform.

For this reason, securing new powers to lay secondary legislation to amend, update and/or revoke provisions within the TDLCR and related assimilated law will equip the Transport Secretary with the ability to reform train driving requirements on the railway in a dynamic, proportionate and efficient way.

To enable the train-driving regime to be updated effectively, power has been given to the Transport Secretary to empower specified or described persons to make provision about matters relating to the regulations, such as the medical examination requirements in the Schedules, in a separate document. This increased adaptability will allow for such requirements to be updated expeditiously to ensure that the regime remains effective.Under these powers, the Transport Secretary will be required to publicly consult on any legislative changes that are proposed to the regime. Subject to any consultation on future proposals, reforms could deliver cost-savings, reduce burdens, support safety outcomes, and improve the operational effectiveness of the train driving licensing and certification regime.

Consultation feedback

In 'A railway fit for Britain's future', the government consulted on its proposed intervention. Overall, 64% of respondents agreed with our approach, 8% disagreed, and 28% were unsure. Therefore, following this feedback, our overall approach has not changed.

Greater Manchester Combined Authority, Manchester County Council, and the Urban Transport Group expressed a desire to be statutory consultees on any changes proposed by the Transport Secretary to this licensing regime. While this suggestion would align with the objective increase joined up decision making between rail and areas where decisions are taken locally, it will not be progressed as the government is committing to a statutory public consultation on any use of the powers, and as such interested MSAs will naturally be able to provide their views.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Summary of impacts of the preferred option

Table 14 below summarises the groups of impacts that are expected to arise as a result of the measures included under the proposed option (Option 2) in comparison with the Business as Usual Do Nothing (Option 0). Table 14 specifies the party (government, households, businesses, or wider society) that is affected by each impact, whether the impact is direct or indirect, and whether the impact is realised within the non-legislative option (Option 1).

The classification of direct and indirect impacts is based on RPC guidance,[44] whereby impacts are direct if they are first-order consequences of the measures within the Railways Bill. Second order impacts have been classified as indirect. As a result, many impacts are classified as indirect on the basis that they will be facilitated by the sectoral changes that this legislation will enable but will not be immediately imposed or realised by passing this legislation.

Table 14. Summary of anticipated impacts.

[44] Regulatory Policy Committee (2019). https://www.gov.uk/government/publications/rpc-case-histories-direct-and-indirect-impacts-march-2019

Impact	Sub-impact	Direct or indirect	Impact realisation under Option 1	Monetised
A. Set-up costs	GBR establishment costs	Direct	Partial	Yes
	Passenger watchdog establishment costs	Direct	None	Yes
B. Administrative and familiarisation costs	Familiarisation costs	Direct	Partial	Yes
	Administrative costs	Direct	Partial	Yes
C. Financial benefits to government	Vertical and horizontal integration efficiencies	Indirect	Partial	No
	Network Rail efficiencies	Indirect	Partial	Yes
	Improved management of the rail system	Indirect	Partial	No
	Changes in cost of retailing	Indirect	None	No
	Revenue enhancements	Indirect	Partial	No
D. Improvements in the passenger offer	Improved passenger experience, including accessibility improvements	Indirect	Partial	No
	Improvement of local transport networks	Indirect	Partial	No
	Retail and fares simplification	Indirect	Partial	No
E. Impacts on businesses	Impacts of future access decisions	Indirect	None	No
	Increased investment	Indirect	Partial	No
	Reduced cost of bidding	Indirect	Partial	No
F. Economic and wider impacts	Economic growth	Indirect	Partial	No
	Positive environmental impacts	Indirect	Partial	No
	Devolution impacts	Indirect	Partial	No
	Potential workforce diversification	Indirect	Partial	No
	Additional Transport Secretary powers	Indirect	None	No

Some of the impacts of the preferred option (Option 2) may be realised without legislative changes. Option 1 is a non-legislative change which largely comprises what could be achieved by Shadow Great British Railways (SGBR) by achieving greater collaboration, and efficiencies delivered by NR as part of NR's Control Period 7 plans (further discussed in the section below).

Establishing SGBR brought together leading figures in the rail industry to collaborate and start to bring together track and train ahead of legislation to create GBR, with a focus on delivering for passengers and freight users[45]. SGBR aims to lay the groundwork for a properly integrated, customer-focused national rail network, and work closely with industry partners to deliver better services for passengers and tackle the financial challenges facing our railways.

Under Option 1, we assume that SGBR will continue in the absence of GBR to improve collaboration and integration of track and train without legislative reform.

SGBR will focus on five key areas of improvements[46], as described in Table 15 below. Table 15 also provides some examples of the types of initiatives that SGBR may be able to facilitate, illustrating what may be possible to achieve under Option 1 without legislation.

Table 15. Description of SGBR focus areas.

Focus Area	Definition	Potential Initiative
Integration	Identifying opportunities for early integration of management across track and train, driving out duplication, reducing operational costs and breaking down silos to promote growth.	Facilitate greater alliancing between DfTO Operators.
		Consolidation of industry payrolls
		Support production of whole-system risk picture to better collectively mitigate and manage financial risks
Standards	Creating alignment on key passenger-focused metrics and bringing together customer insights from across the industry to ensure focus on a high-quality passenger experience.	Implement customer-experience standards across the industry
		Adopt the same train performance metrics covering punctuality and reliability across the industry
Fares and ticketing	Trialling new technologies to improve the customer experience and ensure customers are getting the best prices available	Expansion of Pay-as-you-go trials
		Support development of revenue protection processes and technology to simplify ticketing terms and conditions for refunds.
Strategic innovation	Harnessing technology to help drive innovation and modernise the railway.	Identifying major opportunities for strategic innovation
		Encourage greater innovation across the rail sector.
		Creation of working group across major rail organisations' Innovation teams to ensure alignment of whole-system priorities
Maximisation of social and environmental value	Exploring how to provide social and environmental benefits, such as creating a more diverse workforce,	Develop Accessibility Roadmap to identify and implement whole-system improvements
		Create a cross-industry social mobility network for rail

[45] Department for Transport (2024). https://www.gov.uk/government/speeches/establishing-a-shadow-great-british-railways

[46] UK Parliament (2025). https://committees.parliament.uk/event/22745

	improving accessibility, and supporting the transition to net zero.	Launch a joint industry campaign to promote Great British Rail Careers
		Cross-government working on land use

Examples of effective alliances and integration that have already been achieved include the collaboration of Network Rail and Southeastern to open a new base for operations managers within Robertsbridge Station, allowing response times for Network Rail first responders on the Hastings line to be slashed by up to an hour during disruption[47]. ScotRail and Network Rail have also recently signed a strengthened Alliance Agreement that commits both companies to greater integration. This builds on work since 2015 to increase collaboration in a number of areas, including an Integrated Control centre and a joint climate action plan.[48,49] These examples highlight the types of alliances that may continue to be created under Option 1. However, these alliances take significant time and resource to form and are difficult to scale up across the entire industry without the accountability and reduced fragmentation that GBR would bring.

While Option 1 may achieve partial realisation of benefits of Option 2, the impact of this option is expected to be limited. For example, without legislation:

- There are limits on DfT's ability to delegate functions to an integrated rail body. Network Rail and DfTO have legally separated budgets and therefore the ability to combine the profit and loss is limited. This means that there are often incentives to act in their own interest.
- There would be limits to changing Network Rail's role through its existing licence and safety related legal obligations.
- Network Rail would need to operate within the limits of the current AMRs and the detailed charging rules in legislation. The ability to reform access arrangements would be severely limited.
- The ability to establish the Passenger Standards Authority as a new organisation would be limited.
- There are limits on the role of devolved governments and Mayors without a statutory duty in place.
- The financial framework governing the railways could not be reformed to reflect an integrated and publicly owned railway.
- It would not be possible to make regulations to implement the Luxembourg Rail Protocol.
- It would not be possible to make regulations to amend the Train Driver Licensing and Certification regime.

[47] Network Rail (2024). https://www.networkrailmediacentre.co.uk/news/network-rail-and-southeastern-alliance-joins-forces-to-get-trains-on-the-move-quicker-along-the-hastings-line [Accessed May 2025]
[48] Scotrail (2024). https://www.scotrail.co.uk/about-scotrail/news/scotrail-network-rail-sign-strengthened-alliance-agreement [Accessed May 2025]
[49] While some survey evidence from 2021 to 2023 tentatively indicates that there were some improvements for passengers in Scotland after ScotRail was taken into public ownership in 2022, this could be driven by a variety of factors and cannot be concluded as a causal impact of increased integration. ScotRail (2023). https://www.scotrail.co.uk/news/scotrails-customer-satisfaction-levels-right-track

Without the creation of GBR, the fragmentation and lack of accountability within the industry will still exist. Non-legislative initiatives to integrate track and train and improve performance would be significantly more costly and timely to achieve without GBR and may not be possible within the current fiscal environment. They would also be dependent on good will of individuals, which would be challenging to sustain without the prospect of legislation in the near term. Therefore, the full benefits of creating a 'directing mind' for the rail industry will likely not be possible without legislation. The exact impacts of Option 1 will vary depending on policy decisions taken forward to enhance collaboration in the non-legislative scenario. These decisions are uncertain at this stage and so impacts under Option 1 have not been monetised.

The GBR design programme is continuing to develop and test options for the GBR operating model and the approach to implementation. The scale, form and timing of impacts will in part be determined by design decisions including:

- the GBR corporate structure, which will impact GBRs ability to deliver savings
- the break down and trade-offs between GBR's different duties and incentives
- how accountabilities will be distributed between local integrated business units and the central network.

Additionally, a large share of potential efficiencies is expected to derive from improved coordination in day-to-day decision making. While this cannot currently be robustly estimated, it is expected to generate significant efficiencies in the system.

The impacts listed in Table 14 are described in detail in the sections below, and these are quantified for Option 2 where possible. The scale of many impacts is currently uncertain and is subject to the detail of policy development, including after primary legislation has been introduced. We have used the government consultation to gather input from stakeholders to inform further policy design, as well as to gather evidence on the expected impacts of the proposals to support the IA (for example, see question 20 of the Railways Bill consultation)[50].

Description of costs

This section sets out detail on the anticipated costs of the proposals. These costs include set-up costs for GBR and the passenger watchdog, as well as administration and familiarisation costs. Overall, we estimate the total discounted monetised costs included in this Impact Assessment to be £~191-384 million, with costs to businesses of £~0.5-2.5 million and no monetised costs to households.[51]

A. Set-up costs

It is expected to cost between £200 million and £400 million to establish GBR and the passenger watchdog. This is a best assessment based on current plans to establish these organisations, but there is a significant degree of uncertainty because there are several key decisions around how the organisations will be established and structured that are

[50] Department for Transport (2025). A railway fit for Britain's future. https://assets.publishing.service.gov.uk/media/67b30e36b56d8b0856c2fd49/a-railway-fit-for-britains-future.pdf
[51] This assumes a price base year of 2024 and an appraisal period of 10 years starting in 2025.

independent of Primary Legislation. This uncertainty is reflected by the range provided above, and these cost estimates should be considered as indicative estimates that are subject to change. For example, there could be further costs associated with the transition to GBR not captured in the descriptions above.

GBR establishment costs

The majority of set-up costs are associated with establishing GBR. These are one-off transitional costs to support the transition associated with GBR design activities and future costs in the period up to 2028-29. These are costs over and above existing spend within the rail sector required to support the transition. GBR establishment costs comprise the majority of total set-up costs.

These include a series of costs, such as:

- **Staffing costs**: cost of staff working to plan and facilitate the transition and to establish GBR, and funding to support people transfer into GBR.
- **Corporate costs**: costs of developing and implementing GBR processes, such as finance, legal, HR, and customer service.
- **Property costs**: cost of property rental and modifications for the GBR HQ.
- **Systems and IT costs**: costs of establishing GBR systems and IT, including transferring existing systems from other organisations.
- **Branding costs**: costs associated with developing and implementing minimal internal and external GBR branding.

These costs represent a relatively small investment for the scale of change, the size of the organisation and as a proportion of the total budget that GBR will be responsible for. For example, there are around 100,000 FTE across Network Rail[52] and franchised operators,[53] and in 2023-24, total operational expenditure across DfT contracted operators and Network Rail exceeded £20 billion.[54] Therefore, the total set-up costs represent 1-2% of the annual budget that GBR will be responsible for. These are expected to be one-off transitional costs that do not persist beyond the immediate set-up phase. Over the longer-term, GBR is expected to work with existing resources to deliver the operation of the railways.

These costs differ to previous cost estimates made, including those provided within the Draft Rail Reform Bill Impact Assessment.[55] These changes are due to changes in the scale and complexity of the programme, partly driven by the introduction of the Direct impacts associated with the Public Ownership Act, such as reduced performance fees to private sector operators, are set out within the accompanying Impact Assessment for that legislation. Direct impacts associated with the Public Ownership Act, such as reduced

[52] Network Rail (2024). https://www.networkrail.co.uk/wp-content/uploads/2024/07/Network-Rail-Annual-report-and-accounts-2024.pdf
[53] ORR (2024). Table 2233 – FTE employees by operator. https://dataportal.orr.gov.uk/statistics/compendia/toc-key-statistics/
[54] ORR (2024). Rail Industry Finance UK, 2023-24. https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/
[55] Department for Transport (2024). Impact Assessment supporting the draft Rail Reform Bill. https://assets.publishing.service.gov.uk/media/65f41ae4fa1851001a0117a6/draft-rail-reform-bill-impact-assessment.pdf

performance fees to private sector operators, are set out within the accompanying Impact Assessment for that legislation.[56]

The costs presented here do not include historic costs associated with reform, such as GBR Transition Team and Department for Transport resource costs, because these costs have already been incurred.

Under Option 1, the set-up of GBR would not be possible, and therefore these costs would not be incurred. However, there would still be some financial costs associated with Option 1. For example, funding to support the transition and greater integration under shadow GBR would be required. The scale of these costs under Option 1 is uncertain but are expected to be smaller than the costs associated with Option 2. This is because certain costs associated with GBR set-up, such as corporate costs and branding costs, would not be incurred under Option 1.

Passenger watchdog establishment costs

These include costs, such as:

- **Staffing costs**: cost of additional staff required to support the passenger watchdog. This includes both new roles in the passenger watchdog and roles transferred from the ORR to support the transfer of functions into the watchdog.[57]
- **Corporate costs**: costs of developing and implementing processes for the passenger watchdog, such as legal, branding, and governance.
- **Systems and IT**: costs of software, ICT equipment, and systems development.

These costs are based on the proposal for a passenger watchdog that consolidates the functions of TF, RO, and some consumer functions of the ORR. It does not include business as usual costs.

The cost estimate is based on an indicative assessment of set-up costs by TF. These are subject to uncertainty as they were based on a high-level exercise rather than in reference to a detailed implementation plan.

Under Option 1, the set-up of the passenger watchdog would not be possible, and therefore these costs would not be incurred.

B. Administrative and familiarisation costs

Familiarisation costs

It is expected that industry will be required to familiarise themselves with the implementation of the Railways Act - in particular, the new industry structure after the establishment of Great British Railways (GBR) as the single directing mind for the railway.

[56] UK Parliament (2024). https://bills.parliament.uk/publications/56457/documents/5187

[57] The cost of staff transferred to the watchdog from ORR may be partially offset by a reduction in costs for ORR who would no longer have to perform this function to the same extent.

One-off familiarisation costs relate to time spent understanding and adjusting to these changes.

Our analysis seeks to estimate the required hours and therefore costs associated with this familiarisation by each organisation affected by the implementation of the Railways Act.

Some examples of familiarisation activities that we expect to be undertaken as a result of the Railways Act include:

- Familiarisation by staff within the industry and within the public sector with the new industry structure, legislative framework, and roles of industry and public sector bodies
- Familiarisation by staff at passenger, open access, and freight operators with the new access regime
- Familiarisation by staff at MSAs, Devolved Governments and other public bodies associated with new responsibilities (i.e. devolution, accessibility, environment, etc)
- Familiarisation by staff at TOCs and public bodies with new online retailing measures

The wider supply chain may also incur some familiarisation costs; however, we have not monetised these here. This is primarily because any such familiarisation costs are more likely to be second order (indirect) impacts than for the organisations immediately affected by the proposals, which we have included within this analysis. There is also significant uncertainty around supply chain impacts, which are discussed within the Risks and Assumptions section of this impact assessment.

We have collated the staffing figures for all associations we believe will have to spend some amount of time familiarising with the new system and broken these down into four main groups: TOCs, freight operators, Public Bodies, and other transport organisation staff. The responses to the government consultation[58] informed this list by identifying organisations that submitted a response and that are likely to be directly affected by the proposal and therefore likely to face familiarisation costs.[59] A summary of the organisations within each category is displayed in Table 16 below:

Table 16. Summary of organisations that will face familiarisation costs.

Organisation group	Organisations	Number of organisations	Total number of staff	Familiarisation burden
Train Operating Companies	DfT-contracted operators[60]	14	50,866	High
	National devolved TOCs	3	8,698	Medium

[58] Department for Transport (2025). A railway fit for Britain's future. https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future/a-railway-fit-for-britains-future

[59] Department for Transport (2025). A railway fit for Britain's future. https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future/a-railway-fit-for-britains-future

[60] We have not assessed the familiarisation costs for TOC owning groups individually as we have assumed that these familiarisation costs are captured by the familiarisation activities undertaken by the operators that they own.

	Regional devolved TOCs (including TfL)	4	22,335	Medium
	Open access operators	5	1,976	Medium
Freight Operating Companies	Private rail freight operators	6	5,861	Medium
	Public rail freight operators	1	452	Medium
Public Bodies	Central government	2	3,886	Medium
	Arms-length bodies	2	42,210	High
	Quasi-public bodies	1	332	High
	Local Authorities	13	-	Low
Other transport organisations	ROSCOs	5	472	Medium
	Unions	5	-	Medium
	Other	5	2,196	Low/Medium

To estimate the number of hours spent familiarising we started by assigning each organisation a rating for the importance of familiarisation. This comprised a “high”, “medium”, “low” rating with each having a multiplier effect on the number of hours required to familiarise of “×2”, “×1”, and “×0.5” respectively. This assessment, which is described in the table above, was based on the directness of the impacts on each organisation. For example, organisations that would face immediate changes to their day-to-day functioning, such as DfT contracted TOCs, were assigned a “high” familiarisation rating; organisations that interact with the rail sector will also need to familiarise, but where they do not face immediate structural changes are assigned a “low” familiarisation rating.

For the staffing figures we have obtained a total staff figure for all organisations (except unions and mayoral combined authorities) correct up to the 31st of March 2024 primarily from looking up annual accounts on Companies House. Data was obtained from other sources for some organisations[61]. For the majority we have been able to obtain a figure for administrative and managerial staff, which is the staff grouping that we expect will be required to spend time familiarising. Where there are organisations for which we have been unable to find a figure, we have estimated the proportion of management staff by taking the total administrative and managerial staff for the organisations for which there is available data and dividing them by the total staff for the same organisations, which indicated that on average around 14% of all staff were administrative or management staff. Staffing data was available for the majority of organisations. However, where we were unable to obtain staffing figures, we have made assumptions for the number of employees that would need to familiarise for each organisation.

Within administrative and management staff, we assumed that a relatively small proportion (10%), largely senior officials, would need to spend significant time familiarising and cascading information within teams. We also assumed that 5% of administrative and management staff were lawyers, which required some specific familiarisation activities.

[61] This is calculated as average monthly staff count from Companies House: https://find-and-update.company-information.service.gov.uk/. DfT data can be found at: https://www.gov.uk/government/publications/dft-workforce-management-information-january-2025 (see Payroll staff: Total: Headcount). ORR also publishes data on FTE at train operators which can be found here and shows a very similar level of staff at each operator: https://dataportal.orr.gov.uk/statistics/compendia/toc-key-statistics/.

There were a minority of instances where data was available for the number of lawyers or senior officials within an organisation, which we incorporated directly into the analysis. The remainder were assumed to be administrative staff that required a lower level of familiarisation. The resulting number of staff we expect to familiarise per organisation group and staff type are shown in Table 17 below:

Table 17. Table of staff expected to familiarise per organisation group and staff type

Organisation group	Total staff	Staff expected to familiarise		
		Administrative	Senior officials	Lawyers
Train Operating Companies	83,875	9,467	1,114	557
Freight Operating Companies	6,313	966	305	67
Public Bodies	46,584	3,919	526	153
Other Transport Organisations	2,728	554	64	33

Table 18 below illustrates the salary figures used for each staff group, which are sourced from the ONS Annual Survey of Hours and Earnings.[62] These were uplifted by 17.9% to estimate hourly staff costs (including non-salary costs) for each staff group[63]. This is done to account for any additional non-wage costs that could be incurred from familiarisation tasks.

Table 18. Table of hourly wages and costs.

Staff group	Hourly salary	Hourly staff costs per worker
Managers, directors and senior officials	£26.83	£31.63
Solicitors and lawyers	£29.43	£34.70
Administrative occupations	£15.27	£18.00

We assumed that in the central scenario, managers, and lawyers would each need to spend approximately 8 hours familiarising themselves with GBR[64], and administrative staff

[62] Office for National Statistics (2024). https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14

[63] Estimated from Office for National Statistics (2020). https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/indexoflabourcostsperhourilch/julytoseptember2020. Here, the non-wage labour cost uplift uses 2019 Q4 to 2020 Q3 figures (seasonally adjusted). To estimate the uplift, non-wage costs per hour as a proportion of total labour costs (15%) are divided by wage costs per hour as a proportion of total labour costs (85%) (i.e. 0.152/0.848 = 0.179). Therefore, the IA has uplifted wages by 17.9% to get an estimate of total labour costs.

[64] This assumption is consistent with other recently published IAs(such as: Draft Rail Reform Bill: impact assessment, Minimum Service Levels for Passenger Rail, The Infrastructure Planning (Onshore Wind and Solar Generation) Order 2025, Mental Health Bill: Impact Assessment)

each spending approximately 2 hours familiarising themselves with the information cascaded to them by managers.

The organisations for which we were unable to identify staffing data were unions and MSAs. For each, we expect that the number of staff required to familiarise will be towards the low end of the scale on the basis of the size of these organisations and the extent of impact of the proposals. We have therefore estimated that ten administrative staff, one senior official, and one lawyer would need to familiarise for each of these organisations.

Taking the staff for each occupation and multiplying this by the number of hours for each to familiarise and the multiplier for the level of familiarisation, gives us the total hours worked by each occupation in each organisation to familiarise.

We then sum the number of familiarisation hours for each profession and organisation for each of the main groups outlined above. These are then multiplied by the hourly staff costs for each profession to provide a total familiarisation cost estimate.

In addition to the central scenario, we have produced low and high scenarios to account for uncertainty around the key assumptions. These adjustments include:

- Using the upper and lower quartile salary estimates for each profession for the high and low scenarios, respectively.
- Multiplying the number of hours required to familiarise by “2” in the high scenario and by “0.5” in the low scenario to reflect uncertainty in the amount of familiarisation time that will be required.

Question 20 of the government consultation requested evidence of impacts, including administrative and familiarisation costs. These responses allowed us to identify organisations that are likely to face material administrative costs – confirming that we had the right list of organisations and identifying new organisations in some cases which were then included in the analysis. While some organisations commented on the potential impacts, limited evidence around the scale of impacts was provided. Some respondents highlighted that there is uncertainty around impacts at this stage because of uncertainty about decisions that will be taken after legislation, for example around the structure of GBR and how it will interact with other organisations. Where respondents provided evidence around the scale of familiarisation, we have sought to factor this into the assumptions underpinning the familiarisation cost estimates, for example by allowing us to triangulate our assumptions on the amount of time required to undertake administrative costs.

The central, low, and high scenario estimates are presented in Table 19 below.

Table 19. Total estimated one-off costs of familiarisation in millions, undiscounted (2024 prices)

Scenario	TOC staff	Public body staff	FOC staff	Other transport organisations staff	Total costs
Low scenario	£0.52m	£0.18m	£0.05m	£0.01m	£0.76m
Central scenario	£1.34m	£0.47m	£0.13m	£0.03m	£1.97m

High scenario	£3.57m	£1.28m	£0.37m	£0.08m	£5.30m

The total familiarisation cost for the government is estimated to be £0.43-3.01 million. This is based on assuming that familiarisation costs for DfT contracted operators, devolved operators and public body staff are incurred by government. It is worth noting that while DfT contracted TOCs are currently a mix of public and private organisations, these are treated as costs to government in this analysis. This is because these organisations are currently funded through contracts with the DfT and will become part of GBR once it is established. For any DfT-contracted operators that face familiarisation costs before they transfer into public ownership, we assume that costs are passed through to government through operators' contracts with DfT.

The total familiarisation cost for businesses is estimated to be £0.33-2.29 million. This includes familiarisation costs for private sector TOCs, freight operators, and other transport organisations (e.g. trade unions and ROSCOs).

It is worth noting that these estimates are assumption-driven and are subject to uncertainty. This uncertainty was reflected within responses to the consultation, in which some respondents commented that they had insufficient information at this stage to robustly estimate administrative costs. While we have provided low and high scenarios to demonstrate this, these should be considered as illustrative order-of-scale estimates. The familiarisation costs estimates are comparatively high compared with estimated familiarisation estimates for other legislative measures[65] due to the high number of organisations within the rail sector, which will face impacts of structural reform of the industry.

Under Option 1, there will be no familiarisation costs associated with changes to legislation, such as understanding the new industry structure and access regime. However, there may still be smaller familiarisation costs associated with new ways of working, such as through greater alliancing between organisations and increased collaboration through potential non-legislative activities.

Administrative costs

Given the substantial structural change that will be undertaken in the industry after the implementation of the Railways Act, it is expected that organisations within the sector will face some additional administration costs. We have identified a series of one-off and ongoing administration tasks that are likely to arise as a result of the legislation.

One-off costs are derived from tasks that would be required soon after the standing-up of GBR, such as:

[65] For example: the Bus Services (No. 2) Impact Assessment estimated a familiarisation cost range of £0.09-0.27m; The Infrastructure Planning (Onshore Wind and Solar Generation) Order 2025 estimated a figure of £0.25m for familiarisation; the Minimum Service Levels for Passenger Rail Impact Assessment estimated a cost range of £0.07-0.15m.

- Time spent by freight and open access operators working with GBR on setting up new processes and on agreeing and beginning operations under new policies on access and charging.
- Time spent by rolling stock companies agreeing transfer of contracts to GBR and on establishing new processes.
- Time spent by staff within GBR and in the private sector working to transfer contracts (e.g. procurement) into GBR.

Ongoing costs centre on new tasks that will be required on a recurring basis once GBR has been stood up. For example, this could include time spent by Devolved Governments and Mayoral Strategic Authorities working with GBR in line with devolution commitments within the Act.

The administrative burden that OAOs and freight operators will face as a result of changes in access policy are expected to be limited to one-off administration costs which we have captured in our analysis. The new access framework may require operators to submit their preferences earlier in the process, in order to allow GBR to develop longer-term access plans. While this will affect sequencing, this is not expected to materially change the amount of administrative work that operators need to undertake, and the overall intention of the policy is to simplify processes. There could be potential positive or negative impacts of this approach, but any such impacts are subject to further decisions and are not expected to be significant at this stage. Additionally, changes to the ORR's appeals role may influence the administrative activities of operators if an application is appealed to the ORR. However, as there is already an existing appeals process, and the new process is not expected to lead to material changes on average, we have not included incremental administrative costs to businesses associated with these activities.

Following legislation, the passenger watchdog would have the ability to set minimum standards for passenger experience which would be referred to in operator licence conditions. It would also be able to set deadlines for operators to respond to information requests. While it is acknowledged that information requests already occur and expected that the watchdog will work with operators to set reasonable deadlines, the ability to set a deadline is new. As a result of both of these, operators will likely incur additional administrative costs.

Given it is unknown to what extent the watchdog will use its new powers, it is difficult to estimate the scale of any resulting administrative costs. Therefore, these costs are not monetised. In the case of the ability to set deadlines, additional costs are likely to be small given that requests for information currently take place. As such, the only new administrative costs is the cost of having to meet a certain deadline, rather than the cost of having to undertake the administrative activity itself.

These administrative costs are focussed on those organisations most directly impacted by the proposed changes to industry structure. Additionally, while the legislation may create some new processes for the supply chain, the rationalisation of multiple industry organisations into GBR is expected to reduce the burden on the supply chain. The overall administrative impact on the supply chain is uncertain and is less direct than the impacts for those organisations immediately affected by the legislation. We have therefore not included

supply chain impacts within the monetised administrative costs, but these supply chain impacts are considered within the Evidence Base section of this Impact Assessment.

Additionally, there are resource costs associated with establishing GBR and the passenger watchdog. These are captured within the set-up costs section of the Impact Assessment.

Our analysis seeks to estimate the required hours, and therefore costs, associated with each organisation undertaking these new tasks as a result of the establishment of GBR. To do this, we estimated the amount of time required to be spent on each task by one or more employees, based on the assumption that a small team would be needed to undertake most administrative activities. While the assumptions around time taken were based on top-down judgements, we have triangulated these against those responses to the consultation that provided evidence around the scale of administrative tasks.

These tasks were summed across organisations to provide an estimate for total additional administrative time. The assessment of time required was judgement based, informed by evidence from the Railways Bill consultation, which requested specific evidence on administrative costs in Question 20.

We estimated the total costs for each organisation by multiplying the estimated total hours by a weighted average of administrative, and professional occupations' hourly earnings – these were taken from the ONS Annual Survey of Hours and Earnings – with a value of £15.27 for administrative occupations and £24.82 for professional occupations. These gave an average wage of £20.05[66].This was uplifted by 17.9% to estimate hourly staff costs (including non-salary costs)[67] to give a value of £23.63.

As with familiarisation costs, each organisation was assigned to one of four main groups: TOCs, freight operators, Public Bodies, and other transport organisation staff.

As some administrative tasks may take place ahead of GBR being established, and as the end-state structure of GBR is still to be determined, we have assessed administrative costs for these organisations in two ways: (i) assuming that multiple organisations are brought into GBR and complete designated one-off tasks once, as part of GBR, and (ii) assuming that individual operators and industry bodies complete designated one-off tasks separately, before being brought into GBR. These different modelling assumptions provide low and high scenarios, respectively. In addition, we have modelled high, central, and low scenarios to account for uncertainty in taking an average wage for administrative occupations.

As for familiarisation costs, we have sought to factor consultation responses into the assessment of administrative costs. In particular, responses to the consultation have allowed us to identify organisations that are likely to face material administrative costs – confirming that we had the right list of organisations. Consultation responses also informed

[66] Office for National Statistics (2024). https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14

[67] Estimated from Office for National Statistics (2020). https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/indexoflabourcostsperhourilch/julytoseptember2020. Here, the non-wage labour cost uplift uses 2019 Q4 to 2020 Q3 figures (seasonally adjusted). To estimate the uplift, non-wage costs per hour as a proportion of total labour costs (15%) are divided by wage costs per hour as a proportion of total labour costs (85%) (i.e. 0.152/0.848 = 0.179). Therefore, the IA has uplifted wages by 17.9% to get an estimate of total labour costs.

key assumptions around the type and scale of administrative activities that organisations will need to undertake.

These calculations provide low, central, and high scenario estimates for one-off and ongoing administrative costs, from which we have estimated a 10-year total cost. The 10-year appraisal period captures one-off and ongoing administrative and familiarisation costs. While one-off costs will be realised relatively immediately following implementation of the proposals and ongoing administrative costs are expected to be incurred at the same level indefinitely beyond the appraisal period, the 10-year appraisal period provides a sufficiently long period to compare against expected benefits, which will take relatively longer to be achieved. These results are summarised in Table 20 below.

Table 20. Scenario estimates for one-off and ongoing administrative costs in millions, undiscounted (2024 prices), 10 year period

Scenario	Costs	TOCs	Public Bodies	Freight operators	Other	Total
Low	One-off	£0.06m	£0.02m	£0.08m	£0.06m	£0.21m
	Ongoing	£0	£0.24m	£0	£0	£0.24m
	10-year total	£0.06m	£1.96m	£0.08m	£0.06m	£2.15m
Central	One-off	£0.07m	£0.03m	£0.10m	£0.07m	£0.27m
	Ongoing	£0	£0.31m	£0	£0	£0.31m
	10-year total	£0.07m	£2.51m	£0.10m	£0.07m	£2.75m
High	One-off	£0.09m	£0.05m	£0.12m	£0.09m	£0.34m
	Ongoing	£0	£0.38m	£0	£0	£0.38m
	10-year total	£0.09m	£3.05m	£0.12m	£0.09m	£3.35m

Our analysis indicates that the total 10-year administrative costs are estimated to be between £2.15-3.35 million. Of these total administrative costs:

- Costs to government are estimated as £1.97-3.07 million.
- Costs to businesses are estimated as £0.18-0.28 million.

It is worth noting that these estimates are assumption-driven and are subject to uncertainty. This uncertainty was reflected within responses to the consultation, in which some respondents commented that they had insufficient information at this stage to robustly estimate administrative costs. While we have provided low and high scenarios to demonstrate this, these should be considered as illustrative order-of-scale estimates. While administrative costs are specific to the administrative activities generated by a legislative measure, the scale of administrative costs estimated here are of broadly similar magnitude to other recent legislative measures, such as the Bus Services Act 2025[68].

Overall scale of impacts (switching value analysis)

[68] UK Parliament (2024). Bus Services Bill Impact Assessment. https://bills.parliament.uk/publications/57371/documents/5500

The section above outlines the anticipated costs of the proposals, while the expected benefits are explored in the section below. Where there is sufficient certainty, we have provided evidence to assess the scale of these impacts, and these are fully monetised for some impacts. In other cases, where the scale of impacts is subject to considerable uncertainty (often where impacts are indirect or where there are multiple steps within the logic chain), we have taken a qualitative approach.

In general, there is greater certainty about the scale of costs, as these will be largely incurred up front as immediate set-up costs to government or familiarisation costs associated with implementation. Therefore, in order to demonstrate the expected overall impacts, we have taken a switching values approach to assess what would need to be true for the benefits of the proposal to outweigh the initial costs. These benefits, and the logic and reasoning behind them, are then further explored under Impacts C-F in the following section.

The total discounted monetised costs included in this Impact Assessment are estimated to be £~191-384 million, with costs to businesses of £~0.5-2.5 million and no monetised costs to households[69]. This means that the average discounted total annual benefits and annual benefits to businesses would need to be greater than £19.1-38.4 million and £0.05-0.25 million respectively in order for the NPSV and net business impact to be positive over a 10-year appraisal period.

Given the size of the rail sector, number of users, and the scale of its finances, the potential benefits of the proposal are large. The benefits required to breakeven on costs can be achieved through financial benefits and wider economic impacts. There may be additional costs not currently monetised as explained in the 'Potential Risks' section, such as short-term supply-chain uncertainty. However, these are not expected to be large enough to materially offset the anticipated benefits.

In terms of financial benefits, there is a large cost base associated with the rail industry. In 2023-24, total operational expenditure across DfT contracted operators and Network Rail was around £20 billion.[70] The establishment of GBR is expected to facilitate a range of efficiency savings through integrating track and train and merging separate TOCs into one organisation. This is explained further under the section on financial benefits to government below. To illustrate the potential scale of these efficiency savings, a 1% reduction in annual industry operational expenditure would represent a c.£200 million annual saving.

In terms of wider impacts, these reforms are expected to improve passenger experience through improvements to rail performance due to the establishment of GBR, the consolidation of multiple passenger functions into a singular passenger watchdog, and the watchdog's role as an advocacy body with passenger interests at its core. This is explained further below.

[69] This assumes a price base year of 2024, with a 10-year appraisal period starting in 2025.
[70] Office of Rail and Road (2024). Figure based on annual expenditure by Network Rail and DfT contracted franchised operators in 2023-24, excluding transfers between them (e.g. access charges and performance charges). Note that this includes Network Rail financing costs, which have ranged between £2-4bn over recent years, against which there is limited ability to achieve efficiency savings. https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/

Under DfT's Transport Analysis Guidance[71] (TAG), the economic benefit of transport interventions is valued through various metrics including value of time and safety. Through improvements to rail performance and passenger experience, these legislative changes may lead to a reduction in passenger lateness (e.g. through fewer delays and cancellations), as well as increased demand for rail and modal shift towards rail from other modes such as road (this is explained further below). It is currently unclear what journey time reduction or modal shift will occur as a result of these legislations, as this will be determined by decisions taken by GBR in the future and other market conditions.

Nevertheless, to illustrate the potential scale of this benefit, Tables 21 and 22 below illustrate the reduction in passenger lateness, or number of extra journeys required (in addition to the counterfactual increasing trend of rail demand) in order for the NPSV and net business impact to be positive over a 10-year appraisal period. These are provided for central, low and high-cost scenarios, using the set-up costs and administration and familiarisation costs described above. The tables also illustrate the proportion of these figures compared to average passenger lateness and total number of rail journeys. The average passenger lateness for rail[72] across 2023-24 is estimated to be approximately 188 seconds, and the total number of rail journeys is estimated to be c.1.6 billion[73]. To illustrate, Table 21 shows that a 10.2 second reduction in passenger lateness per journey would achieve a positive NPSV in the central cost scenario, which represents a 5.4% reduction in average passenger lateness. This illustrates that even a relatively small improvement to train punctuality can lead to significant passenger benefits. Similarly, the revenue benefits associated with an 8 million increase in journeys relative to the counterfactual could be sufficient to achieve a positive NPSV in the central scenario. This would represent a 0.5% increase in the total number of rail journeys.

Note that these figures are independent from each other, i.e. in order for the NPSV to be positive in the central cost scenario, this could be achieved by either a 10.2 second reduction in passenger lateness per journey, or an 8 million increase in the number of rail journeys (due to the associated increases in revenue). If there were both reductions in journey times and increases in journeys, the size of each would need to be smaller individually to offset costs. In addition, these figures are further likely to be an overestimate as other benefits have not been included in this analysis, such as cost efficiencies, improvements to reliability and safety, and environmental benefits.

Table 21: Average reduction in passenger lateness or additional journeys required to achieve positive NPSV.

Scenario	Average reduction in passenger lateness required (seconds)	% reduction in average passenger lateness	Additional journeys required per year (millions)	% of total rail journeys
Low	6.8	3.6%	5.3	0.3%

[71] Department for Transport (2024). https://www.gov.uk/guidance/transport-analysis-guidance-tag

[72] Average passenger lateness measures the average lateness of a passenger as they alight from their train. This data is collected and reported by the ORR: Table 3144a - Average passenger lateness by operator and sector (periodic) | ORR Data Portal. The estimated 188 seconds is calculated by averaging the lateness figures for the 13 periods for 2023-24.

[73] Office of Rail and Road (2025). https://dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1210-revenue-per-passenger-kilometres-and-per-passenger-journey/

Central	10.2	5.4%	8.0	0.5%
High	13.7	7.3%	10.8	0.7%

For businesses, a 0.2 second reduction in passenger lateness per business journey, representing a 0.10% reduction in average passenger lateness, would generate benefits that outweigh the total monetised costs for businesses (administration and familiarisation costs) in the central cost scenario. This illustrates that only a small improvement to rail performance would offset the monetised costs to business.

Table 22: Average reduction in business passenger lateness[74] required to achieve positive net business impact.

Scenario	Average reduction in business passenger lateness required (seconds)	% reduction in average passenger lateness
Low	0.1	0.05%
Central	0.2	0.10%
High	0.5	0.25%

Figures 2 and 3 below display changes over time in periodic average passenger lateness and the number of annual journeys. They demonstrate that the scale of reductions in average passenger lateness and increases in passenger journeys that would offset the costs of the proposals, as estimated through the switching value analysis, are well within the scale of existing fluctuations.

Figure 2. Average passenger lateness over time, Great Britain, periodic, seconds.[75]

[74] Business passenger lateness relates to employers' business time, i.e. the time spent travelling for work purposes excluding commuting.

[75] Office of Rail and Road (2025). Average passenger lateness, Great Britain, periodic. https://dataportal.orr.gov.uk/statistics/performance/passenger-rail-performance/table-3144a-average-passenger-lateness-by-operator-and-sector-periodic/. Railway Periods are the 13 four-week periods that structure the financial year (April to March) for performance monitoring and reporting purposes.

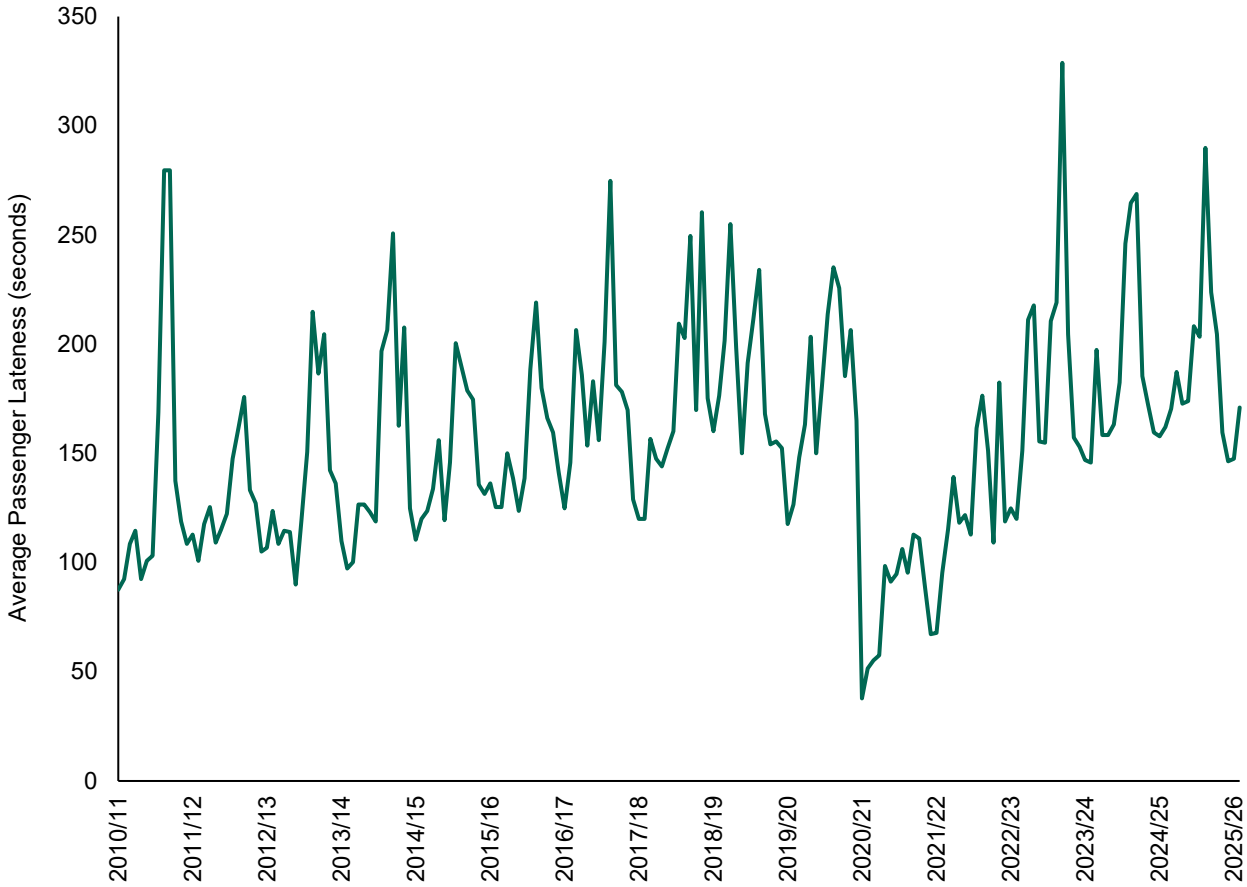
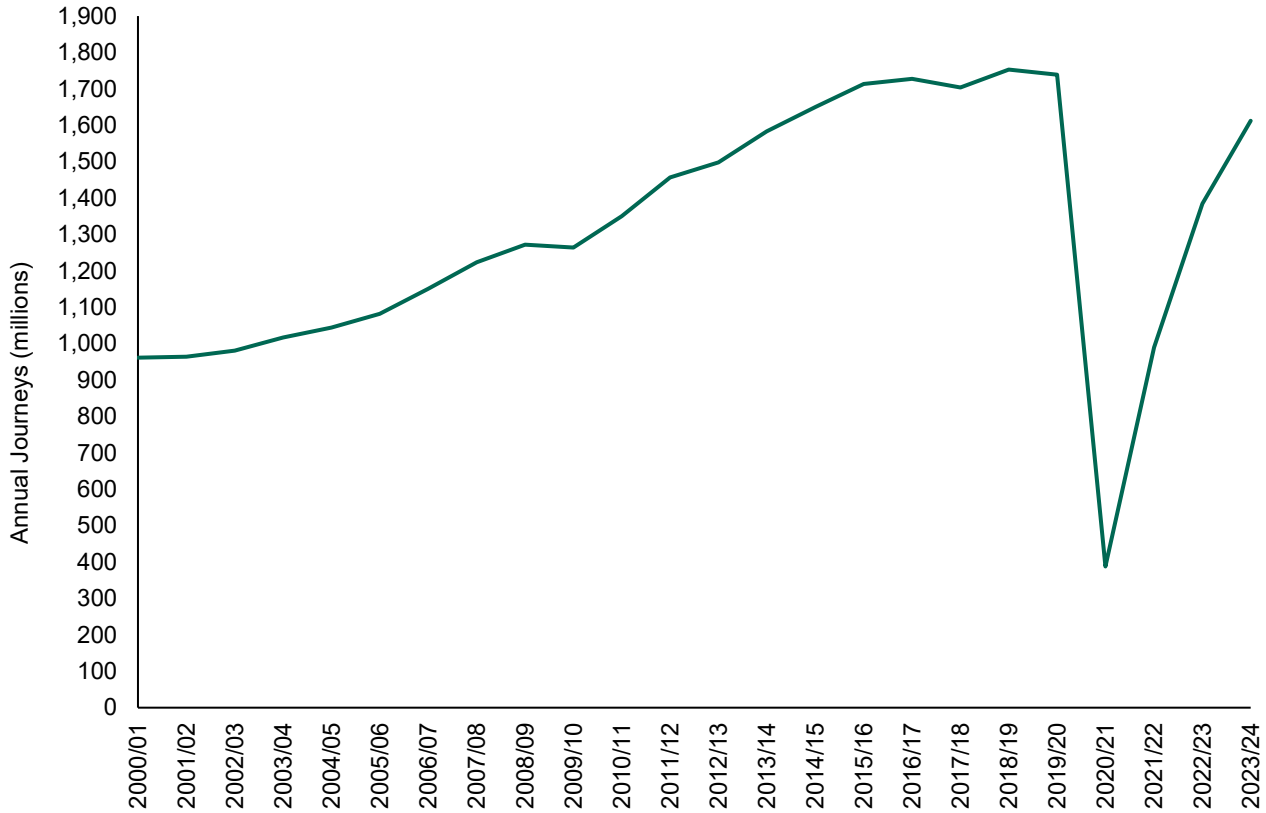

Average Passenger Lateness (seconds)
350
300
250
200
150
100
50
0
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26

Figure 3. Annual passenger journeys over time, Great Britain, annual, millions.[76]



The following provides additional contextual information to further illustrate the potential scale of benefits:

- There were c.1.6 billion rail passenger journeys between April 2023-March 2024.[77] This implies that a 10 pence per journey improvement in passenger experience would deliver £160 million in annual economic benefits to passengers.
- Following TAG, we can estimate that reducing average passenger lateness by one second will lead to a time saving worth approximately £5 million per year. A time saving of 32 seconds per journey would achieve the monetary benefit of a 10 pence per journey improvement in passenger experience (£160m per year)[78,79].
- Total annual fare income was c.£10 billion for franchised operators in 2023-24. Therefore, a 1% increase in revenue would contribute c.£100 million per year to reducing the net subsidy. To achieve this would require approximately 16 million

[76] Office of Rail and Road (2025). Passenger journeys, Great Britain, annual. https://dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1221-passenger-journeys-by-sector/
[77] Office of Rail and Road (2025). https://dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1210-revenue-per-passenger-kilometres-and-per-passenger-journey/
[78] This is calculated using the market price values of time for rail passengers (working) and non-working purposes, as per Tab A1.3.1 of DfT's Transport Analysis Guidance.
[79] This assumes that 5% of rail journeys are for business, 37% are for commuting, and 58% are for other reasons, including leisure, as was the case in England in 2023 (Department for Transport, 2025. https://www.gov.uk/government/statistics/rail-factsheet-2024/rail-factsheet-2024)

extra rail journeys, in addition to the counterfactual increasing trend of rail demand, assuming the average revenue per franchised passenger journey is £6.30[80].

- In 2023, there were 1,522 fatal collisions as a result of road traffic accidents[81], and 7 associated with mainline rail[82]. Utilising TAG values for casualties, a 0.1% modal shift from road to rail would lead to an annual monetised benefit of approximately £4.7 million as a result of reduced fatal casualties due to the superior safety record of rail travel[83]. Note that 0.1% of annual car passenger miles (including drivers) are equivalent to around 1% of annual rail passenger miles due to relatively greater use of road than rail, on average.[84]

While it is difficult to estimate the size of benefits due to the significant uncertainty associated with these reforms, the above illustrates that improvements to passenger experience and organisational efficiency can result in significant benefits compared to initial costs. The section below further explains the anticipated impacts of the proposals and outlines the logic which has informed our judgement that benefits are likely to exceed costs.

Description of benefits and disbenefits

Many of the impacts described below derive from a combination of provisions within the Bill that will come together to shape the future structure of the rail industry. We have therefore assessed impacts in the round, rather than assessing the impact of each provision individually. However, where specific provisions are particularly relevant, we have highlighted this within the description of impacts. Our assessment also includes some types of impacts that are specific to particular provisions of the Bill. Additionally, some provisions have limited immediate direct impacts but give the power to make changes that are expected to contribute towards achieving efficiencies within the system improvements in management of rail, or increased investment.

C. Financial benefits to government

[80] Office of Rail and Road (2025). Average revenue per franchised passenger journey. https://dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1210-revenue-per-passenger-kilometres-and-per-passenger-journey/

[81] Department for Transport (2024). https://www.gov.uk/government/statistical-data-sets/reported-road-accidents-vehicles-and-casualties-tables-for-great-britain

[82] Office of Rail and Road (2024). https://dataportal.orr.gov.uk/statistics/health-and-safety/rail-safety/table-5200-all-fatalities-and-injuries/

[83] The total average value of prevention per fatal casualty is c.£1.65m (2010 prices), as per Tab A4.1.1 of DfT's Transport Analysis Guidance (Department for Transport, 2025. https://www.gov.uk/government/publications/tag-data-book). TAG values for fatal casualties place monetary values on the prevention of road casualties and are based on human costs (based on willingness to pay values), loss of output due and medical & ambulance costs).

[84] According to the National Travel Survey 2023, there was around 1 passenger rail mile for every 10 car passenger (including drivers) mile in England and Wales. https://www.gov.uk/government/statistical-data-sets/nts03-modal-comparisons ; this is also the case based on 2023 car and taxi vehicle miles (251.3bvm, DfT Road Traffic Statistics 2023), the average number of occupants per car journey (1.61, TAG databook), and the number of passenger rail miles in 2023-24 (c.37bn, ORR).

Vertical and horizontal integration efficiencies

Reform to the structure of the rail sector is expected to contribute efficiencies, arising both from vertical and horizontal integration. The bottom-up estimates of NR efficiencies described below, which are already being delivered, are one example of potential efficiencies. However, structural reform is expected to deliver a wider set of efficiencies, and this section describes evidence around the potential scope and scale of these. The exact scale of efficiencies that will be achieved will be subject to the detail of policy development, including after primary legislation has been introduced.

It is anticipated that vertical integration (integration between track and train) into GBR will generate cost efficiencies for the GB rail network. Academic literature (e.g. as summarised by Abbot and Cohen, 2017[85]) provides theoretical economic arguments on the impact of vertical integration. The main theoretical arguments for vertical integration are improved coordination and improved investment incentives, which can drive cost efficiencies. Conversely, arguments emphasising the negative impact of vertical integration reference the removal of on-track competition and reduced specialisation, which can drive inefficiencies. The net impact of vertical integration on costs depends on the specific nature of the rail industry in question. It should also be noted that while theoretically vertical separation can reduce costs by increasing competition, it has been argued (e.g. by Nash and Smith, 2014[86]) that this has not been the case for passenger services in Britain.

While different studies have produced varying results, a key conclusion from the literature, supported by econometric evidence (e.g. Mizutani et al., 2015,[87] Cantos, 2012,[88] Fitzová, 2022[89]) is that vertical integration is more likely to provide efficiency benefits for densely utilised passenger rail networks, due to high coordination costs, safety standards, and integration needs with broader transport systems under vertical separation. Densely utilised networks are ones that have a high number of trains running for a given length of rail track, as can be measured by the number of trains per day per route kilometre, as in Figure 4 below.

IRG Rail (2024) estimate that the UK is at the upper end of passenger network usage intensity among global rail networks, as demonstrated among European countries by Figure 4 below. The UK remains at the upper end of the range of network intensity when freight trains are included. This indicates that vertical integration would be expected to deliver net

[85] Abbott and Cohen (2017). Vertical integration, separation in the rail industry: A survey of empirical studies on efficiency. https://www.researchgate.net/publication/318079053_Vertical_integration_separation_in_the_rail_industry_A_survey_of_empirical_studies_on_efficiency

[86] Nash, C.A. and Smith, A.S.J. (2014). Rail Efficiency: Cost Research and its Implications for Policy, OECD Discussion Paper 2014:22. https://www.itf-oecd.org/sites/default/files/docs/dp201422.pdf

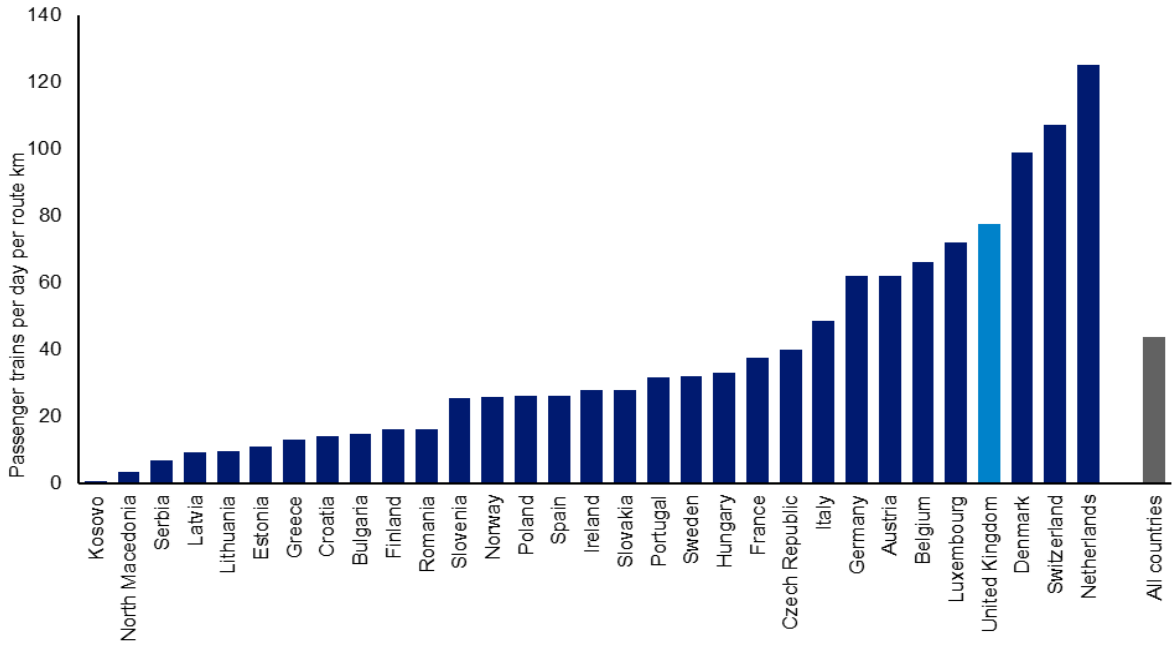
[87] Mizutani, F., Smith, A.S.J., Nash, C.A., Uranishi, S. (2015). Comparing the costs of vertical separation, integration, and intermediate organisational structures in European and East Asian railways. Journal of Transport Economics and Policy, 49 (3), pp. 496-515. https://www.researchgate.net/publication/278795068_Comparing_the_Costs_of_Vertical_Separation_Integration_and_Intermediate_Organisational_Structures_in_European_and_East_Asian_Railways

[88] Cantos, P., Pastor, J.M., and Serrano, L. (2012). Evaluating European railway deregulation using different approaches. Transport Policy, 24, 67-72. https://www.sciencedirect.com/science/article/abs/pii/S0967070X12001291

[89] Fitzová, H. (2022). Has European Rail Policy Improved the Efficiency of European Railways? Journal of Transport Economics and Policy, 56(4), 445-463. https://www.ingentaconnect.com/contentone/lse/jtep/2022/00000056/00000004/art00005

cost efficiencies for the UK rail sector. While the literature indicates that there could be scope for significant efficiencies, the scale of these is challenging to assess, not least because they will depend on future decisions taken by GBR after it is stood up.

Figure 4. Network usage intensity for passenger services (trains per day per route km), 2022.[90]



As noted within the switching values analysis section above, although the scale of vertical integration efficiencies are uncertain, even small proportional efficiencies from vertical integration could deliver very substantial absolute efficiencies.

Such vertical integration efficiencies rely on increased integration and coordination between track and train, between which there are currently organisational barriers that will be removed once GBR is established. Without legislation, integration alliancing between Network Rail regions and DfT operators can achieve some benefits of vertical integration, and these are being pursued. However, bringing track and train together through alliances ahead of legislation takes relatively longer, is relatively more costly, and is expected to deliver a smaller scale of benefits compared with integration within GBR.

Nevertheless, GBR will need to be set up with the appropriate incentives and enablers, which are being considering as part of GBR design planning, to be able to deliver these efficiencies. For example, academic literature referenced by consultation respondents, such as Nash et al (2014), indicates that some efficiencies arising from vertical integration are dependent on there not being separate budgets for infrastructure and train operations.[91] While GBR will retain separate budgets for infrastructure and train operations, it remains

[90] IRG Rail (2024). Figure 7, 8 & 9 - Network usage intensity in 2022. https://irg-rail.eu/irg/documents/market-monitoring/404,2024.html

[91] Nash, C.A., Smith, A.S.J., van de Velde, D., Mizutani, F. and Uranishi, S. (2014). Structural reforms in the railways: Incentive misalignment and cost implications, 48, pp. 16-23. https://eprints.whiterose.ac.uk/id/eprint/82988/2/thredbo_EVES_Rail_paper_august_2013finalDV%5B1%5D.pdf

possible for Ministers to fully coordinate funding settlements and Ministerial decision making for funding GBR activities through the new PR in the future if desired. Other evidence, such as Smith et al (2018) emphasizes the importance of strong regulation with respect to capacity allocation and charging is important for delivering efficiency, particularly with respect to achieving continued benefits of competition through freight and open access operators.[92]

There is also scope for horizontal integration (integration between multiple train operators) to deliver cost efficiencies as operators are brought together into GBR. These include:

- Reduction in duplication of functions and activities across multiple organisations
- Economies of scale due to integration of multiple operators (e.g. economies in procurement)
- Reduction in interface frictions due to a reduction in the number of different organisations that need to interact with each other

These horizontal efficiencies can be achieved to some extent within existing legislation, as the Passenger Railway Services (Public Ownership) Act allows for integration of operators within DfTO. Horizontal efficiencies across DfTO TOCs may be achieved without further legislation through the creation of Alliancing groups within DfTO operators. This may support integration activities to achieve efficiencies such as the creation/expansion of shared standards and the integration of duplicative systems and digital support tools across DfTO operators. However, similarly to vertical integration efficiencies, achieving horizontal integration efficiencies is more difficult and costly without an integrated rail body with clear accountabilities to drive action to reduce fragmentation and promote integration.

Network Rail efficiencies

Network Rail efficiencies are one example of integration efficiencies. Network Rail efficiencies are a measure of the relationship between Network Rail's expenditure on core business activities (operations, maintenance, renewals and supporting functions) and its outputs on a like-for-like basis over time.[93] Structural reform is a key enabler for efficiencies in Network Rail's efficiency plans for Control Period 7 (which runs from April 2024 to March 2029) and broadly refers to reductions in costs achieved from greater integration and collaboration across industry.[94] Some of these savings can be achieved in the current industry structure through activities such as joint property strategies, workforce management, and access planning.[95] However, structural reform, through the establishment of GBR and changes to legislation, is required to maximise these efficiency savings beyond those that can be achieved through collaboration and to reduce delivery

[92] Smith, A.S.J., Benedetto, V., and Nash C.A. (2018). The Impact of Economic Regulation on the Efficiency of European Railway Systems. Journal of Transport Economics and Policy. 52(2), pp. 113-136. https://eprints.whiterose.ac.uk/id/eprint/125498/3/
[93] Office for Rail and Road (2024). https://www.orr.gov.uk/sites/default/files/2024-05/cp7-regulatory-accounting-guidelines-for-network-rail-may-2024_0.pdf
[94] Network Rail (2023), Delivering an Efficient Railway: Our National Efficiency Plans 2024-2029. See: https://www.networkrail.co.uk/wp-content/uploads/2023/05/Overview-of-CP7-efficiency-initiatives.pdf
[95] Network Rail, Delivering an Efficient Railway: Our National Efficiency Plans 2024-2029. See: https://www.networkrail.co.uk/wp-content/uploads/2023/05/Overview-of-CP7-efficiency-initiatives.pdf

risk by fully integrating decision making on infrastructure and operations within a single organisation.

There are various Network Rail efficiencies expected to be realised as a result of structural reform, as illustrated in the tables below.[96] These include efficiencies recurring from Network Rail's Control Period 6 (CP6), April 2019 to March 2024 (Table 23), and efficiencies planned across Control Period 7 (CP7), April 2024 to March 2029 (Table 24).[97] Network Rail have assessed that the successful delivery of these efficiencies is partly dependent on legislative change and the establishment of GBR. These Network Rail efficiency savings are post-efficient, and are therefore treated as an indirect impact, as they are already included within Network Rail's CP7 settlement (i.e. the funding Network Rail receive assumes that this level of efficiency will be delivered due to structural reform). Therefore, although these efficiencies do not represent an additional cashable savings opportunity, Network Rail expect that they are at risk of not being achieved or maintained if GBR is not established in the medium term. Without the efficiency savings achieved through reform, Network Rail would not have sufficient funding to deliver their required outputs. As these estimates are derived from Network Rail's financial estimates as agreed for their funding through the CP7 settlement, point estimates only have been provided, with no high or low estimates.

Without legislation to allow the proposed reforms and creation of GBR, these savings are expected to be lower under Option 1, although the extent to which they will differ will likely vary by area of efficiency. We are unable to quantify these savings under the non-legislative option because it is unclear the extent to which these savings are directly dependent on industry reform or may be realised through non-legislative activities such as greater collaboration under SGBR. Network Rail completed a qualitative assessment of the delivery risk for these efficiencies under a non-legislative option. These RAG ratings in Tables 23 and 24 demonstrate which efficiencies have been assessed as being most dependent on the proposed legislation, with red ratings representing those at significant risk of not being achieved under Option 1.

The CP6 recurring efficiencies are at medium risk of not being achieved under Option 1, as activities and savings started under CP6 may not be fully realised in CP7 if anticipated reforms are not delivered. In some cases, both CP6 recurring efficiencies and CP7 efficiencies are at risk of being unwound through halting of activities without the intent and continued collaboration to work towards GBR. Further work is required to mature efficiencies across CP7, and changes to the timing and nature of rail reform would put these efficiencies at risk.

In November 2024, Network Rail provided an updated forecast of the structural reform efficiencies to be delivered from April 2024 to March 2029. We anticipate the following Network Rail efficiencies to be enabled by the preferred option:

More cost-effective use of the network

[96] All figures are in cash prices and have been rounded to the nearest £m.
[97] Network Rail's baseline for the expected values of savings associated with structural reform is from the Spending Review 2021 position at the start of CP6. These efficiencies are forecasts as of November 2024.

This benefit stems from greater cost effectiveness as a result of GBR having visibility of the whole industry and the levers to drive better overall industry outcomes. The cost savings derive from more cost-effective delivery of capacity enhancements, cost rationalisation and better utilisation of the network.

NR estimated that this will lead to a total of £316 million in efficiencies, from April 2024 to March 2029, for both CP6 recurring efficiencies and CP7 efficiencies.

NR report that the CP7 savings are at high risk of delivery if the proposed reforms are not implemented, under Option 1, as the non-legislative option would not provide the accountability and whole-system decision-making required to achieve these efficiencies.

More efficient possession planning

This benefit is derived from a reduction in the net costs of delivering infrastructure works through improvements in planning and coordinating access. This is because GBR will have responsibility for the whole industry and the ability to plan more efficient working arrangements across train operators and infrastructure managers. For example, with combined responsibility, GBR can identify periods in time that particular routes may be busy, and ensure that possessions are planned around this, in order to minimise revenue losses. In the current industry structure improvements are being made in advance planning and collaboration, however, legislation is required to give a single organisation the ability to optimise whole industry outcomes.

NR estimated that this will lead to efficiencies of £271 million, from April 2024 to March 2029, for both CP6 recurring efficiencies and CP7 efficiencies.

NR report that the CP7 savings are at high risk of not being achieved if the proposed reforms are not implemented, under Option 1, as it requires the strong degree of collaboration and shared view of the priorities and goals of the network that GBR would bring. Additionally, NR need to operate within the limits of the current AMRs and the detailed charging rules in legislation. The ability to reform access arrangements would be severely limited.

More efficient operations at stations and control centres

This benefit represents a reduction in the level of spend on Network Rail managed stations by, for example, removing duplicative roles arising from the presence of multiple operators. This benefit also covers the removal of duplicative management roles at control centres.

NR estimated that this will lead to efficiencies of £22 million, from April 2024 to March 2029, for both CP6 recurring efficiencies and CP7 efficiencies.

NR report that the CP7 savings are at high risk of not being delivered if the proposed reforms are not implemented, under Option 1, as this required a strong degree of industry collaboration and without the creation GBR, fragmentation would remain in the rail system with multiple operators present at stations, making it much more difficult to consolidate duplicate roles.

More efficient industry standards

This benefit comes from GBR acting as the directing mind for industry standards (both operating standards and those related to maintenance and capital projects). GBR will

challenge existing standards, ensure standards are specified as simply as possible, and be able to react more effectively to any required changes to industry standards. For example, this may involve removing mandated standards for the size of back-up battery power supply for signalling systems, instead allowing risk-informed decisions on the size of back-up power required at each site, facilitating cost efficiencies where a smaller back-up supply is viable[98]. Reforming the standards regime through using a more pragmatic, value-based approach to safety standards and reducing the complexity of standards, will enable a reduction in cost of operating and maintaining the network. In taking a whole system view, GBR will be able to implement complex industry standards more consistently and will have more direct control and influence across the system to drive adoption of standards.

NR estimated that this will lead to efficiencies of £267 million, from April 2024 to March 2029, for both CP6 recurring efficiencies and CP7 efficiencies.

NR report that the CP7 savings are at medium risk of delivery if the proposed reforms are not implemented. This is lower risk than other savings as changes to industry standards that have already been made would be difficult to unwind. However, we expect that these savings would still be less under Option 1 than Option 2 as there would be less scope for further industry standard efficiencies without GBR as a directing mind to drive these.

Table 23. Estimated Recurring CP6 Network Rail efficiencies (£m). This covers efficiencies recurring from Network Rail's Control Period 6 (CP6), April 2019 to March 2024.

Efficiency category	FY25	FY26	FY27	FY28	FY29	CP7 Total
More cost-effective use of the network	10	10	11	11	11	*53*
More efficient possession planning	16	16	17	17	17	*83*
More efficient operations at stations and control centres	-	-	-	-	-	
More efficient industry standards	18	19	19	19	20	*95*
Total	*45*	*45*	*46*	*47*	*48*	*231*

[98] Network Rail. https://www.networkrail.co.uk/wp-content/uploads/2023/05/Overview-of-CP7-efficiency-initiatives.pdf

Table 24. Estimated CP7 Network Rail efficiencies (£m). This covers efficiencies planned across Control Period 7 (CP7), April 2024 to March 2029.

Efficiency category	FY25	FY26	FY27	FY28	FY29	CP7 Total
More cost-effective use of the network	33	44	60	62	64	*263*
More efficient possession planning	27	38	30	46	47	*188*
More efficient operations at stations and control centres	1	3	6	6	6	*22*
More efficient industry standards	12	34	38	41	46	*171*
Total	*73*	*119*	*134*	*155*	*163*	*644*

Table 25. Estimated total Network Rail structural reform efficiencies (£m). This is the total of the recurring CP6 efficiencies and planned CP7 efficiencies in the tables above.

Efficiency category	FY25	FY26	FY27	FY28	FY29	CP7 Total
More cost-effective use of the network	43	55	71	72	75	*316*
More efficient possession planning	43	55	46	63	64	*271*
More efficient operations at stations and control centres	1	3	6	6	6	*22*
More efficient industry standards	30	53	57	61	66	*267*
Total	*118*	*165*	*180*	*202*	*211*	*876*

Improved management of the rail system

It is expected that the proposed measures can deliver several other efficiencies within the sector. As explained within Section 2, the current rail sector's structure suffers from significant fragmentation, with split accountabilities for the management of funding across track and train and decisions on access and timetabling creating inefficiencies in decision-making processes. Additionally, a significant amount of time is currently spent by track and train operators agreeing complex compensation terms for track maintenance causing

delays to services. GBR will simplify this fragmented model to create a system with fewer interfaces and clearer lines of accountability, bringing together the roles and functions of the organisations mentioned above into one body. This is expected to lead to improved management of the rail system, with whole-system decision-making potentially leading to improved passenger services, with fewer delays and cancellations, as well as a more efficient use of government funding and therefore greater taxpayer value for money. For example:

- GBR aims to enhance the rail system's management by integrating track and train responsibilities under one organisation. This consolidation may facilitate optimised service specifications, long-term planning, and whole-system trade-offs, ultimately benefiting passengers and taxpayers. Operational independence will further enable GBR to make strategic decisions insulated from short-term political changes, fostering a reliable, efficient rail system. For example, there are currently instances of inefficient use of public funds. This occurs because publicly backed train services are set and multiple operators provide multiple services on the same route, such as the Coventry Corridor and services between Liverpool and Manchester. This is confusing for passengers and an inefficient use of the track. This occurs because train services are set and specified in isolation of each other, with no single directing mind ensuring top-down efficiency[99].

- By eliminating fragmentation and integrating track and train, GBR can reduce inefficiencies such as the need for compensation agreements due to the reduced need for compensation flows between multiple different organisations. GBR holding full accountability will incentivise the consideration of interfaces and trade-offs in a way which doesn't occur now under a fragmented system. In doing so, this will help to prevent disruptions such as those caused by the May 2018 timetable changes. For example, a 2020 report published by the Rail Delivery Group found that Network Rail and TOCs employ hundreds of full-time staff to establish who is responsible for delays[100], further illustrating inefficiencies within the sector.

The proposed legislation will also give the Transport Secretary the power to lay secondary legislation to reform the train driving licensing and certification regime (TDLCR) and related law. This follows the findings of the second post-implementation review ("PIR") of the TDLCR published on 19 May 2023[101] that identified areas for improvement in the regime and made several recommendations for change, which the Department for Transport plans to explore with the rail sector. The PIR identified that areas of the regime were adding burdens and costs to industry without clearly defined benefits. Changes to TDLCR would therefore seek to implement functional improvements and keep pace with technological, technical, scientific, and safety developments over time, with the intention to reduce

[99] GBRTT (2022-2025) – Rail Case Study Library. This is from a library of case studies compiled by the Great British Railway Transition Team, Network Rail, and the Department for Transport.
[100] Rail Delivery Group (2020). https://www.orr.gov.uk/sites/default/files/2020-09/rdg-delay-attribution-review-report-2020-09-28.pdf
[101] UK Government. (2023). https://www.legislation.gov.uk/uksi/2010/724/pdfs/uksiod_20100724_en_001.pdf

burdens on industry. Therefore, if implemented through secondary legislation, this could support improved operation and efficiency within the rail sector.

Changes in cost of retailing

The 14 franchised TOCs currently have their own retailing websites and apps. Legislating to allow a single GBR retail function could lead to savings of millions of pounds per year through the removal of duplicated costs, enabling it to be reallocated to other areas of the network to improve the passenger experience or reduce the net subsidy. Similarly, TOCs currently have different approaches on handling ticket and retail fraud. The creation of GBR would allow fraud to be more easily tracked and tackled on a consistent basis.

Revenue enhancements

There is a strong evidence base on the factors that influence rail demand, which is set out in the industry owned Passenger Forecasting Demand Handbook. The drivers which impact rail demand fall into two distinct categories. Exogenous drivers encompass all the factors outside of the rail industry's control which influence people's rail travel behaviour (for example population, employment, income, cost of travel by alternative modes). Endogenous drivers are within the rail industry's general power to influence and include factors such as journey time, punctuality and reliability, crowding and station facilities.

The package of provisions in this Bill will give GBR the levers to influence these endogenous drivers and could therefore lead to improvements in service offering which lead to modal shift and revenue improvements, which are explained further below.

The improvements to the management of the rail system and passenger experience may translate into greater capacity and attractiveness of the rail network. This may have positive impacts on the number of people who travel by rail, leading to greater revenue from train fares. The total annual fares income was approximately £10 billion for franchised operators in 2023/24[102]. A 1% increase in revenue would contribute approximately £100 million per annum in financial benefits. This represents a potentially significant increase in revenue, although the extent to which revenue enhancements will be realised is unclear at this stage. Similarly, while improved management of the rail system through non-legislative activities under Option 1 may also lead to increased revenue, the extent of this is unclear. Nevertheless, revenue impacts under Option 1 will likely be significantly smaller without the creation of GBR and the passenger watchdog to drive improvements in rail capacity and passenger experience.

D. Improvements in the passenger offer

This section considers the impact of the proposals on passenger offer. This includes improvements to passenger experience, local transport networks, and fares and retail

[102] Office of Rail and Road (2024). https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/table-7270-government-support-to-the-rail-industry/ (figure includes non-DfT franchised operators such as ScotRail, TfW and MerseyRail)

simplification, although the scale of these benefits is currently uncertain and is subject to the detail of policy development, including after primary legislation has been introduced.

Improved passenger experience, including accessibility improvements

The creation of a passenger watchdog is expected to lead to a range of benefits for passengers. For example:

- The watchdog will ensure that passenger standards and rights are monitored and reported publicly and transparently and ensure that GBR and operators are being held to account for acceptable passenger experience standards. This will give greater visibility of passenger issues and incentivise operators into improvements. It should also improve the ability of passengers to escalate unresolved issues to the Rail Ombudsman to support their resolution and therefore improve passenger experience.

- The watchdog will consolidate consumer functions and passenger interest bodies from TF, the RO, and the ORR. By providing a centralised, independent dispute resolution service for unresolved passenger complaints through sponsorship of the Rail Ombudsman, it should become easier for passengers to navigate use of these services.

- The watchdog will also have an explicit role on accessibility, monitoring how services are delivered to disabled passengers and advocating for improvements where issues arise. This should give disabled passengers a greater voice in the rail industry and lead to increased accessibility options, improving passenger experience for those with accessibility needs.

There is evidence that watchdogs have delivered significant benefits in other sectors. For example:

- Citizens Advice is an independent charity that provides advice on a range of social issues. They report that in 2022-23 they generated £681 million in fiscal savings by helping to stop problems occurring and escalating, reducing pressure on public services like health, housing and out-of-work benefits[103].

- Consumer Council for Water (CCW) is an independent organisation that provides free advice to customers and helping resolve complaints against water companies. CCW report that they resolved over 13,000 customer complaints and enquiries against water companies in 2022-23, securing more than £914,000 in compensation and financial redress for customers[104].

[103] Citizens Advice (2023). https://assets.ctfassets.net/mfz4nbgura3g/1CvI8xMxxf8Qzm8uI2NKbF/ad0eec22a4379960bac66ca4ed5a84a4/Citizens_Advice_Annual_Report_2022-2023.pdf

[104] Consumer Council for Water (2024). https://www.ccw.org.uk/publication/annual-report-and-accounts-2022-23/

- Healthwatch is an independent statutory body funded by the Department of Health and Social Care, supporting those who have faced issues with the English healthcare system, providing advice and supporting decision-makers to act on public feedback. They report that in 2023-24, almost 220,000 people used their service to get clear information and advice, and over 13,000 people shared their experiences of care[105]. Healthwatch also report that the research and evidence they collect and report has helped to support NHS reforms, such as improvements to the six-week postnatal check-up and the dental recovery plan[106].

While these examples do not provide perfect comparisons to the passenger watchdog (for example, Citizens Advice is a charity rather than a government watchdog), they illustrate the types of benefits associated with activities that the passenger watchdog will conduct, such as providing advice to customers, helping them secure compensation, and supporting decision-makers to act on public feedback.

There are also potential benefits to passengers as a result of GBR's role in allocating access to the network. GBR controlling access decisions will result in a robust and streamlined timetabling process, allowing for improved use of the network and avoiding repeats of issues such as the 2018 timetabling crisis. Through a robust and independent appeals function, the ORR will ensure fair access to a GBR-managed network. These access reforms will support in improving performance and capacity of the railways and improving passenger experience through fewer delays and cancellations, as well as greater efficiency of the railway. Potential non-legislative actions, such as adopting consistent train performance metrics, to identify and implement whole-systems improvements to accessibility, may support this benefit.

While some improvements for passengers can be achieved under Option 1, legislation is required to deliver the full benefits. For example:

- Creating the passenger watchdog through legislation will address the current fragmented landscapes for passenger rights, standards and redress would remain in place, with TF not having the necessary culture, size and scope to create the clear passenger accountabilities that the passenger watchdog aims to generate. Potential non-legislative actions, such as implementing customer experience standards across the industry, and developing an Accessibility Roadmap to identify and implement whole-systems improvements to accessibility, may support this benefit. However, these activities would face more barriers and greater costs to implementation without an integrated rail body such as GBR delivering for passengers and a passenger watchdog to reduce fragmentation in the industry and focus on improving passenger experience. These benefits are therefore unlikely to be achieved as fully under Option 1 compared to Option 2.

[105] Healthwatch (2025). https://www.healthwatch.co.uk/report/2025-01-08/front-and-centre-our-annual-report-2023-2024
[106] Healthwatch (2025). https://www.healthwatch.co.uk/report/2025-01-08/front-and-centre-our-annual-report-2023-2024

- Those benefits attributable to access reform, would also not be fully achievable under Option 1 as changes to the access framework rely on legislative change.

Improvement of local transport networks

Creating a statutory role for devolved leaders will ensure that national and local strategies are factored into GBR's decision-making and ensure devolved governments and MSAs are appropriately consulted on certain decisions that will significantly affect the interests of the economy of people living in, working in or visiting their area. This will ensure that local knowledge and expertise is utilised in local decision-making, with coordination on timetabling of services and access to ensure that there is a coherent network across Great Britain. Legislation will allow the relationship between GBR and devolved authorities to evolve over time.

Since devolution in 1999, London is widely seen to have one of the best integrated transport systems in the world. London Overground, managed by Transport for London since 2007, has integrated seamlessly with the capital's transport network, offering common branding, information, fares, and smart ticketing. This integration has resulted in high user satisfaction, with a 92% rating in the latest Rail User Survey[107]. Progress is also being made across other mayoral areas, such as the Bee Network in Greater Manchester, and Mayors in West Yorkshire and Liverpool City Region taking bus franchises into public ownership[108]. Proposed legislative provision in the Railways Bill to support greater collaboration with devolved leaders will ensure that rail is effectively joined up with local transport networks and is managed in a way that aligns with passenger needs. Through supporting the creation of partnerships, we seek further benefits of devolution, including:

- More frequent services, better interchanges and increased capacity.
- Greater reliability for all passengers.
- High standards of customer service.

These benefits were highlighted by some respondents to the consultation, including Greater Manchester Combined Authority, who mentioned that the proposals offer the potential to deliver better-aligned local services, with the ability to integrate rail into the Bee Network helping to unlock economic growth and efficiencies similar to those seen in London. Calderdale Council also raised the possibility of greater modal integration through the combined effects of bus franchising and rail reforms, leading to improved integration and planning of public transport networks.

As described further below, the benefits of devolution and improved local transport networks can be achieved without legislation under Option 1. However, the proposed legislation will further strengthen devolved leaders' roles in the railways and will simplify integration of local networks with the wider rail network through reducing the complexity and fragmentation of the industry and creating a single point of contact in GBR.

[107] Transport Focus (2024) Rail User Survey – train operator results. https://www.transportfocus.org.uk/insight/rail-users-weekly-survey/
[108] Ministry of Housing, Communities & Local Government (2024). https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper

Retail and fares simplification

The creation of GBR would reduce existing duplication across digital retail. Currently every TOC has their own website and app, each selling tickets for the whole network. This duplication creates a lack of clarity for passengers over what journeys they can buy through which TOC, and they often use multiple TOC apps or websites. Reform enables consolidation into a single online retailer, that sells all tickets and rail products, reducing complexity and saving time for passengers when purchasing tickets online.

The GBR brand would create a coherent brand identity and customer offer regardless of where you buy a ticket and improve consistency between physical retail and online retail, reducing complexity and increasing options for passengers.

There are currently regulated and unregulated fares, with DfT setting the annual fare cap increase for regulated fares only (these account for approximately 30% of fares that passengers purchase[109]). Under legislation, the Transport Secretary will be able to hold GBR to account in its fare setting and design a more efficient system to replace existing fares regulation, with the aim being to give GBR an agreed level of greater commercial independence in its fares policy compared to the annual fares change process today. The consolidation of 14 TOCs into a single GBR entity will enable growth within the industry and allow for a simpler fare structure, building on the current Pay-As-You-Go and long-distance simpler fare zones. A less confusing fare landscape could lead to a better customer experience, aiding with the mode shift towards rail and reducing carbon emissions.

E. Impacts on businesses

This section considers impacts on businesses beyond the immediate familiarisation and administrative costs captured above.

Impacts of future access decisions

Under new legislation, GBR will have control over its network access. Legislation will enable GBR to introduce targeted discounts. It will also enable GBR to charge a mark-up from those non-GBR operators who can afford to pay towards the fixed costs of running the railways, that takes into account the ability of relevant market segments to bear the fixed costs of using the railway. As a result, the impact on specific non-GBR passenger operators is uncertain. Operators who provide value in alignment with the Transport Secretary strategic goals may benefit from targeted discounts, while those with greater revenue may see increased costs due to being charged a mark-up. Such a mark-up would represent a transfer between businesses and government (assuming no change in behaviour).

Similarly for freight operators, GBR will have a statutory duty to promote the use of rail freight taking into account the overall growth target(s) set by the government. New statutory duties will ensure that GBR's access decisions and will ensure fair treatment for all operators wishing to access the GBR-managed network. This is to deliver national benefits as well as safeguards to ensure that GBR will be able to benefit the whole railway and not

[109] Office of Rail and Road (2024). https://dataportal.orr.gov.uk/statistics/finance/rail-fares/table-7180-average-change-in-fares-by-regulated-and-unregulated-tickets/

focus solely on its own passenger operators.[110] Rail freight operators may benefit from targeted discounts. This may make rail freight a more viable option for companies over alternatives modes such as road, with evidence suggesting a negative elasticity of demand for rail freight in relation to variable usage charges[111]. Such evidence suggested that certain commodities, such as construction traffic and general merchandise, are relatively elastic with respect to track access charges[112], suggesting that adjusting access charges could be an effective lever in achieving strategic goals such as promoting the use of rail freight. Network Rail introduced a track access charges discount scheme for traffic new to rail in August 2024. 15 new-to-rail flows have been supported by this discount in the first year. Of these, 4 of the 5 that have passed the six month discount period have continued to operate.

Some respondents to the consultation expressed the need for sufficient protections and controls to ensure best use of the network, particularly regarding access to the network for freight operators and non-GBR passenger operators. The specific impacts of future access decisions will be clearer once GBR's Access and Use Policy and access charges are developed. The ORR's appeal role will ensure that access decisions and charges are set in a fair and non-discriminatory manner. Following GBR stand-up, access to the network for non-GBR operators, such as freight and OAOs will depend on future decisions taken by GBR, subject to its future Access and Use Policy.

The time limited power to amend existing access contracts will be a necessary backstop to ensure that the transfer to the new access and charging regime under GBR can happen. This is because certain changes to existing contracts must be made to ensure that they function properly under the new system. This provision is a necessary mechanism to implement the Bill, and is therefore not considered to lead to any additional impacts.

GBR will be required to ensure that it has the available capacity it needs to run those passenger services that the government has required it to provide this. This requirement will not change the proposition on access and capacity allocation that was set out in the consultation. GBR will need to work with devolved authorities, freight and open access operators to consider their aspirations for the services they want to run, and where these represent 'best use' of the network, they can expect to be awarded capacity commitments. The role of the ORR as an independent appeals body overseeing GBR's access and charging decisions (as set out later in this chapter) is also not impacted.

Transitional administrative and familiarisation costs associated with the proposed changes to the access framework are described alongside other administrative and familiarisation costs above.

Increased investment

The creation of GBR as directing mind for the railway will put the government's strategic goals at the core of decision making, giving investors and funders greater confidence in the future direction of the rail network.

[110] Department for Transport (2025). A railway fit for Britain's future. https://assets.publishing.service.gov.uk/media/67b30e36b56d8b0856c2fd49/a-railway-fit-for-britains-future.pdf
[111] Elasticity of demand refers to the relationship between price and demand, with a negative elasticity of demand meaning that demand for rail freight increases as prices (such as variable usage charges) decrease.
[112] Office of Rail and Road (2023). https://www.orr.gov.uk/sites/default/files/2023-06/24-mdst-impact-of-freight-access-charges-changes.pdf

Network Rail currently spends £8 billion a year in the rail supply chain across over 4,000 suppliers, with the wider supply chain supporting 216,000 jobs across Britain[113]. GBR will be a significant investor in the rail supply chain. Joined-up, long-term decision-making under GBR will give even greater certainty to this key industry, driving investment.

The private sector will continue to play an important role in the rail industry. Rolling stock companies and manufacturers are responsible for new trains on Britain's railways. Freight operating companies (FOCs) and open access operators remain important services. These, together with ticket retailers, are estimated to have made investments in the rail industry totalling over £10 billion in the past 10 years[114]. There are likely to be considerable commercial opportunities for innovative and efficient private sector firms under new industry structures. Internal DfT analysis shows that around 60% of expenditure (excluding industry transfers) by those TOCs due to be operated by GBR is on goods and services which are already, or could feasibly be, supplied by the private sector. These include rolling stock costs, traction, electricity and diesel costs, and other operating costs such as maintenance services and materials.[115]

By providing a more integrated approach and greater longer-term certainty, GBR will give the private sector the confidence it needs to invest and support innovation and the adoption of new technology. The Long-Term Rail strategy will also support the private sector in unlocking innovation and efficiency by setting out clear goals for the industry. Under the single directing mind of GBR, there will be a simplified point of engagement for private companies, making it more straightforward for them to supply and invest in rail markets going forward.

The proposed legislation will also give the Transport Secretary the power to implement and ratify the Luxembourg Rail Protocol through secondary legislation. Ratifying the Luxembourg Rail Protocol has potential to raise private sector financing opportunities in the UK's railway rolling stock market, increasing investment within the industry.

Under Option 1, this benefit may be partially realised as greater collaboration across organisations may improve management of the rail system and increase investor confidence. Potential non-legislative activities focusing on strategic innovation and harnessing new technologies to improve and modernise the railways may also support further investment into the railway. This could possibly include setting up working groups across major rail organisations' Innovation teams to ensure alignment of whole-system

[113] Network Rail (2024). https://www.networkrail.co.uk/stories/powering-economies/

[114] Office for Rail and Road (2024). https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/table-7290-private-sector-investment-in-the-rail-industry-excludes-network-rail-investment/

[115] These estimates are based on analysis of commercially sensitive indicative forecasts for DfT contracted TOCs (including those operated by DFTO) covering the financial years 2024-25 to 2029-30. This includes circa 140-line items which have been categorised according to whether they are typically provided by the private sector. This categorisation is based on professional judgement and is intended as a measure of the potential scope for involving the supply chain – it should not be interpreted as an estimate of the proportion of expenditure that actually is provided by private companies. Intra-industry transfers (e.g. Track Access Charges and payments to/from DfT) are excluded. Future spending decisions will be determined by GBR. Figures do not cover spending by Network Rail, who separately report that that they procure circa £7 billion of goods, works and services each year (https://www.networkrail.co.uk/industry-and-commercial/supply-chain/procurement/)

priorities. However, it is unlikely that this benefit will be fully realised without the long-term certainty and single point of engagement that GBR would bring.

Reduced cost of bidding

Another potential benefit of the long-term planning of GBR and the associated supply chain confidence is lower bidding costs for suppliers. Companies currently supplying TOCs may no longer need to need to bid for several different contracts with multiple individual TOCs. For example, suppliers of rail replacement buses may no longer need to submit separate bids to multiple TOCs to provide their services. This impact is dependent on the design and structure of GBR which is still to be developed.

Similarly to the point above, the benefit of greater supply chain certainty leading to lower costs of bidding may only be partially realised under Option 1. Savings for suppliers only having to submit one bid to GBR rather that to multiple TOCs would not be realised under Option 1.

F. Economic and wider impacts

This section considers the economic and wider impacts of the proposals. The scale of these impacts is currently uncertain and is subject to the detail of policy development, including after primary legislation has been introduced.

Economic growth

There is limited evidence on the impacts of these proposals on the economy. However, given the scale of the rail sector's contribution to the economy, as explored below, even a relatively small improvement in the output of the sector can lead to a significant boost to the UK economy

Direct Economic Impacts of Rail

Transport interventions generally have positive supply-side impacts by improving transport capacity and accessibility to transport[116], so improvements to rail are likely to have positive impacts on the productive potential of the economy.

To illustrate the economic significance of rail, research commissioned by the Rail Delivery Group in 2024[117] found that the current value of rail exceeds £26 billion worth of benefits annually. Increased growth in rail travel would increase this contribution. These reforms may therefore increase the value of rail through improving connectivity and performance of the railways, as well as supporting growth of the rail freight industry, although the extent of this is currently uncertain.

Improved performance and connectivity

[116] Department for Transport (2018). TAG Unit A2.1. https://assets.publishing.service.gov.uk/media/600ea9258fa8f5654ca409df/tag-unit-a2-1-wider-impacts-overview-document.pdf

[117] Rail Delivery Group (2024). Beyond the tracks: Rail's contribution to the UK. https://www.raildeliverygroup.com/about-us/publications/13048-value-of-rail-report/file.html

Through integrating track and train and facilitating whole-system decision-making on access, GBR will be able to conduct more efficient timetabling with greater certainty over investment outcomes, helping to prevent the market failures explained in the 'Economic rationale for intervention' in Section 2 and issues such as the East Coast Mainline timetabling delays.

ORR data shows that the proportion of contracted rail access rights that were actually used by operators was 83% in December 2024, less than the planned usage of 87%, indicating a gap between planned and actual service levels and highlighting potential for improvement in the use of the network[118]. More efficient and flexible timetabling can lead to a more efficient use of capacity and improved connectivity of the rail network with more services being run.

This can lead to direct economic benefits, such as by increasing willingness to travel by train, thereby increasing demand and revenue for train services, reducing road congestion and increasing productivity of firms using rail services, reducing costs and increasing output. A study from Oxford Economics found that the time savings for commuters derived from public transport in the UK's six largest cities alone are worth £1.4 billion a year[119], illustrating the scale of potential productivity benefits from increasing performance of the rail. Indirect benefits of greater rail performance can include agglomeration benefits (enabling firms to be closer together in travel time) and increased utilisation of stations, which can result in greater footfall in surrounding areas, boosting consumption and growth in local communities. This will be supported by legislation surrounding devolution, which will facilitate more integrated local transport networks and easier commutes for passengers, as explained further under Impact D and later in this section.

The impact of greater rail connectivity on economic growth can be illustrated through the Falmouth case study[120]. May 2009 improvements to the Falmouth Branch line increased route capacity and doubled train service frequency to Truro. Since these improvements (between 2008-09 and 2015-16), annual growth in usage across Falmouth stations had been 8%, compared to 1% in the comparator area, Gunnislake, and 3% for the county average (Cornwall). Employment in Falmouth also significantly outperformed Gunnislake (8% growth compared to 15% decline, respectively). Econometric analysis of the productivity demonstrated that the trend in turnover was significantly better in Falmouth compared to Gunnislake, although there was insufficient data to establish causality.

Growth of Rail Freight

Furthermore, as described in Impact E, the creation of GBR and the statutory duty for GBR to promote rail freight may support the growth of the rail freight industry, potentially leading to lower congestion on roads and lowering transport costs for businesses, increasing

[118] Office of Rail and Road Access Regulatory Information: Microsoft Power BI
[119] Oxford Economics (2022). The economic, environmental and social opportunities that rail brings to the UK. https://www.riagb.org.uk/RIA/Newsroom/Publications%20Folder/OE_2022.aspx
[120] Department for Transport (2018). https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939962/economic-impacts-of-new-or-improved-rail-lines-executive-summary.pdf?form=MG0AV3

productivity and growth. Rail Partners report that rail freight contributes £2.45 billion in economic benefits to the UK every year, with 90% of these occurring outside London and the South East. Additionally, rail freight supports major industries in the UK, including construction, energy and the automotive industry[121]. This indicates potential benefits of reducing costs for key UK industries and boosting regional economic growth.

Option 1

Non-legislative activities may be able to improve management of the rail industry and facilitate economic growth under Option 1. This may include promoting greater collaboration between publicly owned operators and with Network Rail. However, without the statutory duty and the creation of a single 'directing mind' for the rail industry, the lack of accountability within the system will likely remain, and the whole-system decision-making required to foster improvements to passenger and freight services will be more difficult with the current legislative bureaucracy between the separate organisations. As a result, Option 1 will only see partial realisation of the benefits to improvement management of rail and economic growth compared to the preferred option.

Positive environmental impacts

Similarly to economic growth, there is limited evidence on the impact of these proposals on the environment, with the impact currently uncertain and dependent on future policy decisions. Nevertheless, the below illustrates how these proposals may benefit the environment.

GBR may be able to promote environmental benefits through supporting modal shift away from more polluting modes such as road, as well as having greater accountabilities and flexibilities to prepare, adapt and respond to climate issues.

Domestic transport is the largest emitting sector of GHG emissions, producing 111.8 MtCO2e in 2023, representing 29% of the UK's total emissions (385 $MtCO_2e$). The majority (89%) of these emissions from domestic transport came from road vehicles (99.4 $MtCO_2e$), with approximately 1.4% coming from rail (1.6 $MtCO_2e$).[122] Transport also has a significant impact on air quality, with 49% of Nitrogen Oxides (NO_x) emissions and 26% of particulate matter less than 2.5 micrometres across ($PM_{2.5}$) emissions coming from transport in 2023. The proportion of domestic transport Nitrogen Oxide emissions that come from road transport in 2023 was approximately 61%, compared to less than 4% for rail. The proportion of domestic transport $PM_{2.5}$ emissions that come from road transport in 2023 was approximately 80%, compared to just over 2% for rail.[123]

Rail's environmental advantages over road transport bring to light its potential for reducing emissions and air pollution. Improved railway management and efficiency may encourage a modal shift, making rail a more reliable and attractive option. The Transport Appraisal

[121] Rail Partners (2024). https://www.railpartners.co.uk/images/documents/Web_FB-5055%20Freight%20Britain%20An%20Engine%20for%20Green%20Growth.pdf#joomlaImage://local-images/documents/Web_FB-5055%20Freight%20Britain%20An%20Engine%20for%20Green%20Growth.pdf?width=0&height=0

[122] Department for Transport (2025). Transport energy and environment: data tables: ENV0201 Greenhouse gas emissions by transport mode. Transport energy and environment: data tables (ENV) - GOV.UK

[123] Department for Transport (2025). Transport energy and environment: data tables: ENV0301 Air pollutant emissions by transport mode. Transport energy and environment: data tables (ENV) - GOV.UK

Guidance Databook gives estimates for diversion factors which measure the expected change in car vehicle kilometres as a percentage of the change in rail passenger kilometres. For example, an increase in rail passenger kilometres of 100km within the London Travelcard Area can be expected to lead to a decrease in car vehicle kms of 22kms.[124]

Under GBR's new access framework, charges can align with the Transport Secretary's goals, incentivising operators with lower environmental impacts and promoting rail freight. Analysis commissioned by Rail Partners found that rail freight (which accounted for 8% of UK domestic freight in 2023[125]), emits 76% less carbon per tonne compared to road transport, with even lower emissions using electric traction or low-carbon fuels[126], which highlights the environmental benefits of rail freight.

Clearer accountabilities and integration of track and train under GBR could facilitate stronger climate adaptation strategies, for example by supporting the management of risks such as flooding caused by heavy rainfall which damages infrastructure and disrupts passenger services. GBR may enhance industry climate adaption and response by streamlining decision-making to unify climate responses across track and train, particularly in areas like stations where current responsibilities are unclear. Improved coordination during extreme weather events could also lead to more efficient timetable management, better communication with passengers, and quicker responses to disruptions, reducing delays and repair costs.

Option 1

One of the five key areas of focus for SGBR is social and environmental value, including the transition to net zero[127]. We can therefore expect this benefit to be partly realised under Option 1, although it is unclear by how much. It is unlikely that this benefit would be fully realised under Option 1 compared to Option 2 without the clear accountabilities and whole-system decision-making that GBR would provide.

Devolution impacts

The proposed legislation will support the creation of partnerships between GBR and MSAs to enable greater local influence and control over the local rail offer. This includes enabling GBR to enter into arrangements with MSAs to fund GBR services and wider activity should this be agreed in the future. Legislation will require GBR to collaborate with devolved governments and MSAs and ensure that national and local strategies are factored into GBR decision-making. Legislation will also ensure that existing devolved accountabilities within Scotland and Wales are respected, and provide GBR the flexibility to further engage with devolved governments on future arrangements over time. These reforms will enable GBR to have bespoke relationships with devolved leaders based on the needs of the local community to deliver the best results for passengers and freight users.

[124]TAG data book, A5.4.5 https://www.gov.uk/government/publications/tag-data-book
[125] Department for Transport (2024). https://www.gov.uk/government/statistics/transport-statistics-great-britain-2024/transport-statistics-great-britain-2023-freight
[126] Rail Partners (2024). Freight Britain: An engine for green growth. Freight Britain: the government's rail freight target for green growth
[127] UK Parliament (2025). https://committees.parliament.uk/event/22745

The statutory role for devolved governments and MSAs will support the benefits of devolution. In addition to the benefits to passengers described above, the proposals have potential to support housing and economic growth. Examples of the benefits of devolution include TfL's support for the Overground within London, which aims to alleviate pressure on bus and underground routes while promoting housing and employment growth as outlined in the Mayor's London Plan. Devolution has enabled network extensions, new stations, and additional services to align with broader economic plans, stimulating private investment in regeneration areas and ensuring new property developments are well-served by public transport. For instance, the approval of a 10,000-home development in Barking Riverside was contingent on the developer's £170 million contribution to extend the Overground to the area[128]. The Elizabeth line, managed by TfL and opened in 2022, has directly influenced the development of 55,000 new homes, including in Abbey Wood[129]. Approximately 60% of employment growth in Greater London during the Elizabeth line's construction (2015-2022) was concentrated within 1km of its stations[130]. While these reforms won't directly lead to the creation of new devolved regions like London, they will foster greater collaboration between existing devolved authorities and the rail network. This enhanced cooperation will pave the way for benefits similar to those achieved by the London Overground.

There are potential risks of unintended consequences as a result of these reforms. The creation of GBR as the directing mind for rail across Britain may potentially undermine existing plans and progress for devolved governments. For example, Transport for Wales operates as a multimodal organisation, integrating various modes of transport, adding complexity to any changes involving GBR. A potential concern may be that GBR's involvement might undermine some progress made by Transport for Wales over the past decade, particularly in terms of their multimodal operations. The creation of strong working relationships between GBR and Devolved Governments will ensure the benefits of integration between track and train are realised in a way which respects existing devolution settlements and ensures clear lines of responsibility. Engagement is ongoing with the Welsh Government and Transport for Wales on future arrangements for GBR in Wales & Borders.

Option 1

Greater collaboration with devolved authorities is possible under Option 1, and the creation of new partnerships and deeper relations with devolved authorities can be achieved without legislation. For example, Liverpool City Region's Mayor has signed a memorandum of understanding with DfT and NR to explore the option of devolving aspects of rail infrastructure to the city region from NR. This could enable them to take control of stations on their network, ensuring that they are fully accessible to avoid the disconnect between

[128] Urban Transport Group (2025). https://www.urbantransportgroup.org/index.php/system/files/general-docs/UTG%20Report%20-%20Harnessing%20the%20opportunity%20of%20our%20local%20railways%20.pdf

[129] Transport for London (2024). 'The Elizabeth line continues to transform travel in London on its two-year anniversary'. https://tfl.gov.uk/info-for/media/press-releases/2024/may/the-elizabeth-line-continues-to-transform-travel-in-london-on-its-two-year-anniversary [Accessed May 2025]

[130] Transport for London (2024). 'The Elizabeth line continues to transform travel in London on its two-year anniversary'. https://tfl.gov.uk/info-for/media/press-releases/2024/may/the-elizabeth-line-continues-to-transform-travel-in-london-on-its-two-year-anniversary [Accessed May 2025]

accessible trains calling at inaccessible stations[131]. However, the barriers and complexities hindering devolution will still exist without reform. This legislation will therefore help achieve further benefits of devolution through facilitating easier and stronger collaboration between GBR and devolved authorities at a lower cost than Option 1.

Potential workforce diversification

With GBR as the main organisation and employer across track and train, it will be able to carry out more long-term workforce planning than TOCs currently can. This may facilitate improved recruitment and training to help alleviate current staffing pressures. Additionally, consolidating staff from fragmented TOCs into GBR may allow greater flexibility for staff to be deployed across services and functions, allowing GBR to be more reactive to staffing issues. This may help to alleviate current pressures such as driver and staff shortages, leading to improved performance and reliability of the network.

GBR will have the structure and position to create significant change within the culture of the industry. This has potential to support workforce diversity, which is currently lacking. For example, women make up only 17% of the rail workforce[132]. A stronger culture could encourage young talent to pursue a career in rail, which could enhance the workforce's resilience and increase standards. Increasing diversity in the workplace has been associated with a variety of benefits such as reduced costs, improved creativity and problem solving, and improved customer relations and service delivery[133]. These impacts rely on GBR achieving improvements in industry culture, which are uncertain, so these potential impacts are somewhat speculative at this stage.

Option 1

One of the five key areas of focus for SGBR is to maximise social and environmental value, including creating a more diverse workforce[134]. Potential non-legislative activities may include supporting apprenticeship schemes and careers campaigns, and creating a cross-industry social mobility network for rail. This benefit may therefore be partially realised under Option 1 as a result of non-legislative activity to promote workforce diversification. However, without the directing mind of GBR to drive efficiencies and cultural change across track and train, reduce staff fragmentation and carry out more long-term workforce planning, it is unlikely that the full scale of this benefit would be realised under Option 1 as it would be under Option 2.

Additional Transport Secretary powers

Legislation will give the Transport Secretary power to lay secondary legislation to implement and ratify the Luxembourg Rail Protocol. Legislation will also give the Transport Secretary powers to lay secondary legislation to amend, update and revoke provisions in the Train Driving Licences and Certificates Regulations 2010 (the “TDLCR”) and related train driving

[131] Department for Transport (2023). https://www.gov.uk/government/news/government-joins-forces-with-liverpool-to-transform-citys-rail-network
[132] Great British Railways Transition Team. https://jobs.gbrtt.co.uk/pages/our-culture [Accessed May 2025].
[133] Institute of Development Studies (2017). Impact of diversity and inclusion within organisations. https://assets.publishing.service.gov.uk/media/5ba51175e5274a54d5c39c19/109_Diversity_and_inclusion_within_organisations.pdf
[134] UK Parliament (2025). https://committees.parliament.uk/event/22745

assimilated law, which sets out the mainline requirements to be a train driver in Great Britain.

There will be no immediate impacts resulting from the creation of these powers. Any costs and benefits that might arise following secondary legislation will be further explored with consultation and further impact assessment as and when this policy is developed. The distribution of costs and benefits is uncertain at this stage – for instance, ROSCOs would likely benefit from lower financing cost if the Luxembourg Rail Protocol is ratified through secondary legislation, but these could also be passed down onto TOCs and onto passengers depending on market conditions. There are uncertainties in the costs of the implementation of the Protocol which will be further detailed at the secondary legislation stage, including using data from the Supervisory Authority which we expect to be operational by then. We expect there to be limited impacts for existing rolling stock leases, TOCs and freight operators unless new finance is taken out after implementation of the Protocol or those with existing financial interests in rolling stock.

The impacts of these amendments will be assessed in detail as part subsequent secondary legislation should they be laid.

Costs and benefits to business calculations

As this is primary legislation, the costs and benefits of these proposals are uncertain until further guidance and policy development is complete. For a number of reasons previously mentioned, it has not been possible to monetise the benefits to either households or businesses of these reforms. Therefore, this Impact Assessment does not include an Equivalent Annual Net Direct Costs to Businesses (EANDCB). Instead, a qualitative assessment of the likely impacts has been undertaken.

There are a variety of expected costs and benefits to businesses as a result of these measures:

Monetised costs

Analysis has been conducted to estimate the familiarisation and administrative costs to businesses due to the preferred option.

Familiarisation costs to businesses include one-off costs related to time spent understanding and adjusting to these new regulations before GBR is set up. For example, this may include familiarisation by staff of the new industry structure and legislative framework and roles within the industry, familiarisation by staff of train and freight operating companies of the new access regime, and familiarisation by staff of train operators with new online retailing measures.

The total familiarisation cost for businesses is estimated to be £0.33-2.29 million. This includes familiarisation costs for private sector TOCs, freight operators, and other transport organisations (e.g. trade unions and ROSCOs).

Administration costs to business relate to tasks that would be required after the stand-up of GBR. These involve both one-off tasks immediately after GBR stand-up, and ongoing tasks

that will need to be completed on a recurring basis after stand-up. This includes one-off costs for freight and open access operators to set up new processes and work within new policies for access and charging, and administrative costs for MCAs in England of working with GBR.

The total administration cost to businesses is estimated to be £0.18-0.28 million. These costs are expected to only be incurred on business within the rail industry, such as ROSCOs and TOCs/freight operators. Further details on administration and familiarisation costs to businesses can be found in the 'Description of Costs' section.

Non-monetised costs

These proposals may lead to some short-term uncertainty in the rail supply chain. The supply chain will rely on GBR to provide a stable and sustainable pipeline of work so that it can effectively plan and invest in people, skills and technology within a competitive market. As reported by some respondents to the consultation, there may be some short-term uncertainty for suppliers during the transition while GBR is being established.

OAOs may be subject to greater uncertainty as a result of reforms to the access regime and fears that GBR may favour its own operators when making access decisions. However, the actual impact of this is uncertain and will depend on the access framework to be developed by GBR.

Monetised benefits

As primary legislation, the benefits of these proposals are uncertain until further policy development is complete and are dependent on the decisions made by GBR once it is set up. As a result, it has not been possible to monetise benefits to businesses. Instead, a qualitative assessment of the likely benefits has been undertaken and is outlined below.

Non-monetised benefits

The creation of GBR and the development of the Long-Term Rail Strategy will create a unified network with a centralised point of contact and long-term plan, creating more certainty for the supply chain. This is explained further above.

There may also be economic benefits to employers through lower travel time and greater productivity as a result of improved performance of the railways, as explained above. This is anticipated to benefit businesses across the whole economy, but particularly those that rely on rail transport for operational activities. The size of this benefit is uncertain and will depend on decisions made by GBR to improve the performance of the railways.

Businesses may also benefit from potential discounts and incentives for rail freight as a part of the duty for GBR to promote rail freight. This benefit is specific to rail freight operating companies and businesses that deal in commodities which are more elastic to rail freight prices, such as construction traffic and general merchandise. This is explained further below, although the extent of this impact is uncertain until GBR's Access and Use Policy is developed.

Impact on small and micro businesses

The anticipated impacts on micro, small, and medium businesses are described in sections 5 and 6 above.

Costs and benefits to households' calculations

As primary legislation, the costs and benefits of these proposals are uncertain until further guidance and policy development is complete. For a number of reasons previously mentioned, it has not been possible to monetise the benefits to either households or businesses of these reforms. Therefore, this Impact Assessment does not include an Equivalent Annual Net Direct Costs to Households (EANDCH). Instead, a qualitative assessment of the likely impacts has been undertaken.

For the purpose if this section, we will refer to consumers rather than households as these reforms will impact consumers of rail.

Costs

There are no expected costs to consumers as a result of these measures.

Non-monetised benefits

The main benefits to consumers of these measures are indirect benefits a result improved management of the rail system.

GBR is expected to improve the experience for passengers and freight users through its ability to take a whole system view, addressing the fragmentated accountabilities in the current system. GBR will end the current fragmentation and bring accountabilities together which will allow it to set direction for the industry as a whole to drive improvements for rail users. GBR will:

- Bring decision making on infrastructure and operations together, re-aligning incentives to address operational and financial inefficiencies in the current system and reduce the risk of operational and project delay/mismanagement, improved management of rail may lead to increased capacity and improved performance of the rail. This can benefit consumers by reducing the risk of delays and cancellations and reducing travel time. Greater collaboration between GBR and devolved leaders will also help improve local transport networks, providing further benefits to consumers of more integrated local transport networks that are easier to navigate.

- Promote rail freight and improve freight coordination on a national level. The value this benefit will bring will depend upon the extent to which GBR successfully promotes access for freight on the network, including the incentive structure it implements. Given the early stage of development, this can be factored into its design.

The creation of an independent passenger watchdog should also benefit consumers. The watchdog's advocacy role should encourage greater focus on the needs of passengers. The watchdog will ensure that passenger standards and rights are monitored and reported

publicly and transparently and ensure that GBR and operators are being held to account for their performance standards. This will give greater visibility of passenger issues and incentivise operators into improvements. It should also improve the ability of passengers to escalate issues to the Rail Ombudsman to support their resolution and therefore improve passenger experience.

The watchdog will also advocate for improvements to accessibility, providing the benefit of greater ability to utilise rail transport for consumers with accessibility needs.

Business environment

Within the rail sector, these proposals may promote investment and innovation as a result of greater accountability and supply chain certainty. Joined-up, long-term decision making under GBR will lead to a more integrated approach and greater longer-term certainty for the supply chain. This will give the private sector the confidence to invest in the rail industry and support innovation and the adoption of new technology. The Long-Term Rail strategy will also support the private sector in unlocking innovation and efficiency by setting out clear goals for the industry. Under the single directing mind of GBR, there will be a simplified point of engagement for private companies, making it more straightforward for them to supply and invest in rail markets going forward.

Prospective investment in the operation of franchised passenger services has already been restricted by the Passenger Rail Services Act. Although safeguards are being put in place to ensure fair allocation of access to the network including a duty on GBR to be fair, non-discriminatory and transparent and a robust and independent appeals role for the ORR to hold GBR to account, investors in open access operation may be deterred by the reforms to the access framework and fears of GBR favouring its own operators.

The competitiveness of the ticket retailing market could be questioned by potential investors, who might be concerned that GBR will use its unique position to take actions that put its retail competitors at a disadvantage. However, the Government is bringing forward safeguards to ensure a vibrant and competitive market. These include provision for ORR to issue codes that will govern GBR's activity (in particular, when operating retail industry management functions) and an ability to challenge GBR decisions that is overseen by the ORR. It is envisaged that GBR will retail alongside and in competition with third-party retailers (TPRs), which the government foresees as resulting in standards being continually driven up in the interest of consumers. All retailers will continue to be able to improve the passenger experience, drive innovation and further encourage competition in future.

Passengers will benefit from a consistent and reliable customer offer, knowing they can purchase tickets with ease and travel with confidence. There is also potential for creating a more attractive business environment for rail freight operators as a result of GBR's statutory duty to promote freight.

Improvements to the efficiency and reliability of the rail system may also enhance the attractiveness of the UK's business environment for businesses who rely on transportation of goods and services by reducing operational uncertainties and costs associated with delays and cancellations. They may also improve the efficiency of other businesses who

may be able to draw upon a wider range of employees as a result of improved transport links.

Trade implications

These proposals are not expected to have any trade implications.

Environment: Natural capital impact and decarbonisation

As explained above, there are various environmental impacts that may occur as a result of these proposals. These include reductions in GHG emissions and air pollution as a result of increased use of rail freight and passenger mode shift to rail from more polluting modes of transport such as road. These are unmonetised as the potential environmental impacts are indirect and uncertain and will depend largely on decisions made by GBR once set up.

Other wider impacts

Public health

In addition to the environmental benefits outlined above, a potential positive externality as a result of these reforms is improvements to public health. As explained under Impact F, improvements to the railway system as a result of these proposals may lead to reductions in air pollution. Poor air quality is the largest environmental risk to public health in the UK, as long-term exposure to air pollution can cause chronic conditions such as cardiovascular and respiratory diseases as well as lung cancer, leading to reduced life expectancy. It is estimated that long-term exposure to man-made air pollution in the UK has an annual effect equivalent to 28,000 to 36,000 deaths[135].

Air pollution also has significant economic effects. DEFRA estimated that in 2012, poor air quality cost the UK economy £2.7 billion through its impact on productivity, largely due to absence in the workforce as a result of morbidity or morbidity of dependence due to air pollution[136]. In England, the total NHS and social care due to $PM_{2.5}$ and NO_2 in 2017 was estimated to be £42.88 million (based on data where there is more robust evidence for an association), increasing to £157.16 million when diseases are included where the evidence is associative or emerging[137].

Therefore, an indirect impact of these proposals may be improvements to public health and reduction in associated costs as a result of lower air pollution due to modal shifts from more polluting modes of transport to rail.

Equalities

[135] Public Health England (2018). https://www.gov.uk/government/publications/health-matters-air-pollution/health-matters-air-pollution

[136] Department for Environment, Food and Rural Affairs (2014). https://uk-air.defra.gov.uk/assets/documents/reports/cat19/1511251135_140610_Valuing_the_impacts_of_air_quality_on_productivity_Final_Report_3_0.pdf

[137] Public Health England (2018). https://assets.publishing.service.gov.uk/media/5d9707d640f0b66914f72767/Estimation_of_costs_to_the_NHS_and_social_care_due_to_the_health_impacts_of_air_pollution.pdf

The main overall impact on individuals is expected to be an improved offer for passengers. Therefore, as the main benefits of the proposal are for those who use rail, those groups that have disproportionately high use of rail (or those who may do in the future as a result of the changes) are expected to benefit more from the proposals, while those groups that have disproportionately low use of rail are expected to benefit less.

An Equalities Impact Assessment has been completed in line with the Department's obligations under Public Sector Equality Duty.

Risks and assumptions

Analytical assumptions

Key assumptions used within the analysis are outlined in the table below.

Table 26. Key analytical assumptions.

Assumption	Source / Rationale	Caveats / Risks	Mitigation
Base price year – we have used a base price year of 2024 for our analysis of monetised impacts.	This year was chosen as it is the latest year for which the required data was available, ensuring that we are using the most accurate data. 2024 is also the most appropriate year as it marks the start of the current Parliament.	TAG data used in the switching value analysis is not in 2024 prices (TAG uses a 2010 base year for prices), and therefore has to be inflated, potentially leading to inaccuracies if the values do not change in line with GDP.	As these values were only used for an indicative switching value analysis and do not contribute towards NPSV, this is not proportionate to mitigate.
Discounting – for ongoing monetised costs, we have discounted the costs over a 10-year appraisal period starting at 2025.	A 10-year appraisal period is standard for a legislative change such as this. 2025 was chosen as the start year as this is the year of Bill implementation.	Benefits will likely continue to be seen after the appraisal period due to improvements of the rail network. The main costs will occur in the first few years of Bill implementation, meaning the net benefit will likely increase over time.	No mitigation necessary.
Familiarisation costs – we have assumed that managers and lawyers would each need to spend 8 hours familiarising themselves with GBR, and administrative staff each spending 2 hours familiarising themselves with the information cascaded to them by managers.	This is a novel complete sector transformation in Great Britain, so there is no existing evidence to base this assumption off. These are therefore best estimates for how long it would take to familiarise with the new industry structure. Where respondents to the consultation have provided evidence around the scale of familiarisation, we have used this to inform these assumptions.	It is difficult to know for sure how long it will take for familiarisation and this may vary between individuals. There is a risk that it may take more or less time to familiarise with new industry structure, leading to inaccuracies in these estimates.	We have conducted sensitivities using multipliers for hours needed to estimate high and low values along with a central scenario to account for any uncertainty.

Familiarisation costs – we estimated that around 15% of the total staff for an organisation would be in an admin/managerial role	To estimate costs we needed to identify the proportion of staff that were administrative or managerial staff, as these groups would be required to conduct familiarisation activities. For the majority of organisations, this information was available. However, this was not available for all organisations, and in these cases we estimated this by using the average proportion across organisations for which data was available.	The figures we calculated for this could be incorrect with more/less staff than estimated working in an admin/managerial role which would affect the overall calculation of familiarisation costs	We have conducted sensitivities using multipliers for hours needed to estimate high and low values along with a central scenario to account for any uncertainty.
Familiarisation costs – we estimated that 10% of managerial and admin staff were managers	To estimate costs we needed to identify the number of managers that would be required to familiarise. 10% was used as an appropriate approximation for the proportion of managers each organisation would have	The estimates could underestimate or overestimate the number of managers that would be required to familiarise, which would impact the accuracy of the familiarisation cost estimates.	We have conducted sensitivities using multipliers for hours needed to estimate high and low values along with a central scenario to account for any uncertainty.
Familiarisation costs – we estimated that 5% of managerial and admin staff were lawyers	To estimate costs we needed to identify the number of lawyers that would be required to familiarise. 10% was used as an appropriate approximation for the proportion of lawyers each organisation would have	The estimates could underestimate or overestimate the number of lawyers that would be required to familiarise, which would impact the accuracy of the familiarisation cost estimates.	We have conducted sensitivities using multipliers for hours needed to estimate high and low values along with a central scenario to account for any uncertainty.
Familiarisation/Administration costs – we have compiled a list of all the organisations we assume would need to have some level of familiarisation around GBR setup	We have compiled a list of around 70 organisations that we believe will be directly affected by the legislative changes and will be required to spend time familiarising themselves with the new industry structure and have obtained a list of the total number of staff employed by each organisation	This list is intended to be exhaustive, however there may be other organisations that will need to do some small familiarisation activities that we have not included in our assessment	We have gathered feedback from consultation and have held discussions with internal policy experts to identify organisations within scope
Administrative costs – we have estimated the number of weeks required to undertake each administrative task	There are two types of administrative task that we have categorised – one-off and ongoing. We expect that one-off tasks will take a small number of weeks to complete	It is difficult to robustly estimate how long it will take for any administrative task. There is a risk that it may take more or less time than we have suggested, leading	We have estimated costs via two different approaches and have provided high, central, and low scenarios. This aims to provide a

	and have assigned each task a value based on its complexity. For ongoing tasks we have taken the number of working hours for a full time employee and assigned a proportion of this to each task based on its complexity.	to inaccuracies in these estimates.	range of estimates that will communicate the uncertainly surrounding the allocation of weeks
Administrative tasks - we have complied a list of administrative tasks required by various organisations	We conducted a series of meetings with policy advisors in order to ensure that we had encapsulated all the tasks that various sectors would be required to undertake	While there could be tasks that we have missed, we engaged all the relevant teams which have expertise in the various organisational responsibilities after GBR setup and have included all feedback in our analysis	We have gathered feedback from consultation and have held discussions with internal policy experts to identify potential impacts
Switching value analysis – we have assumed that benefits due to reforms (e.g. time savings and modal shift) will begin a year after GBR set-up (2028) and will occur uniformly (i.e. not increase over time).	This is a simplification assuming there will be a short transition period following GBR set-up before benefits begin to be seen.	Benefits from GBR are likely to increase over time as set-up matures, although this is uncertain and difficult to model.	This is only used for an indicative switching value analysis which does not contribute to NPSV, so is not proportional to mitigate.
Set up costs	We have provided best estimates of set up costs for GBR and the passenger watchdog. These are uncertain because there are design decisions still to be taken.	The ranges provided are based on current expectations, which are subject to uncertainty and change as design progresses.	We have presented ranges for set-up costs to illustrate this uncertainty.

Potential risks

We have identified a series of potential risks, which are described below, alongside which we have presented potential mitigations. It will be important to actively manage these risks to reduce their likelihood and impact.

The legislative framework for the railways is a complex landscape. By making changes to the existing legislation, there is a risk that it may produce unintended consequences or interact negatively with other wider legislation or existing commitments. A few examples are set out as follows:

Potential industrial action

Currently, individual TOCs have their separate wage and benefits structures. As noted by some respondents to the consultation, bringing these TOCs together under GBR may give rise to requests from unions for the harmonisation of wage and conditions. This has yet to be decided, although there is a risk of union action should the proposals be deemed unsuitable, which may lead to significant financial impacts for GBR. According to analysis produced by GBRTT, direct industry passenger revenue forgone from national strike days

across rail trade unions totalled around £850 million in nominal prices between June 2022 and August 2024.[138]

Potential changes to supply chain certainty

As noted within the consultation responses, the creation of GBR may also lead to uncertainties in the supply chain in the short term. The supply chain will rely on GBR to provide a stable and sustainable pipeline of work so that it can effectively plan and invest in people, skills and technology within a competitive market. There may be some short-term uncertainty for suppliers during the transition into GBR. Some respondents to consultation noted that while there remained uncertainty around some key details of the future industry structure this could impact the supply chain and/or limit appetite for investment within the industry.

However, once GBR is set up, there will be a unified network with a centralised point of contact and long-term plan, creating more certainty for the supply chain. This may lead to greater investment benefits and reduced bidding costs for contracts, as described within the impacts assessed above. Within the transition, providing adequate time to prepare for changes, managing key interfaces, and ensuring continuity in the early stages of the transition will be vital to mitigate this risk.

Competition impacts

Under these proposals, GBR will operate services that are currently delivered by the DfT-Operators. There will be no reduced competition within the sector compared with individual operators operating services. GBR will also have control over access to the track network.

Open access can open up new markets and connectivity for passengers and help to grow the economy where it exploits gaps in existing services and timetables. But unless carefully managed, it can also create inefficiencies for passengers and taxpayers. The government has announced that, where it adds value, open access will continue to have a role as part of a clear, joined-up strategy for the railway set by government and delivered by GBR.

A potential risk, which has been raised by respondents to the consultation, is that there are increased barriers for open access and freight operators to access the track. If this were to be the case, this could potentially limit competition within the sector. However, duties on GBR and the ORR's appeal role will ensure that access decisions are made in a fair and non-discriminatory manner, and the statutory duty to promote freight will ensure that GBR prioritises freight growth. Potential impacts are also subject to GBR's Access and Use policy, which is still to be developed.

Concerns were also raised in responses to the consultation about small and medium-sized enterprises' future in the rail supply chain, were GBR to seek economies of scale in procurement in such a way which led to a few dominant suppliers, reducing competition and opportunities for other suppliers. GBR will be bound by the Procurement Act 2023 which improves and streamlines the way procurement is done, and benefits prospective suppliers of all sizes, particularly small businesses, start-ups and social enterprises. Key benefits for suppliers include more standardisation and streamlining of procurement processes as well

[138] Department for Transport (2024). https://www.gov.uk/government/publications/revenue-foregone-train-operating-companies/revenue-foregone-train-operating-companies

as requiring better oversight of procurement decisions and strengthening payment terms. In addition, the Act reinforces Social Value as a core priority in public procurement and aligning it with the government's Missions.

Reduction in competition within the sector could in some circumstances potentially lead to production inefficiencies within the sector. The removal of private sector ownership is attributable to the Passenger Railway Services (Public Ownership) Act. However, the proposed measures to establish GBR seek to drive benefits by setting an appropriate accountability framework and financial framework such that efficiency is incentivised within the new industry structure.

Although there may be inefficiencies associated with the removal of private section ownership, it is important to take a holistic view, considering these potential impacts alongside the potential improvements from improved coordination. As described within the assessment of integration efficiencies provided above, academic evidence indicates that there is scope for significant net efficiencies from vertical integration within Great Britain due to the high level of network usage intensity and low existing level of competition within the sector.

Interactions with existing devolution commitments

There is a risk that the creation of GBR as a directing mind for the railways across Britain may undermine existing devolution commitments in Scotland and Wales. This risk is being mitigated through consultation and wider engagement, and close collaboration with devolved authorities.

Evidence gaps and uncertainty

In this Impact Assessment we have attempted to assess the potential costs and benefits of these proposals as much as possible. However, there are significant gaps in the evidence base and high uncertainty around the long-term impacts of these reforms.

The proposed legislation will establish GBR as an integrated rail body responsible for both the management of railway infrastructure and the delivery of passenger services, While this will support the objective of integrating track and train, the long-term impacts on outcomes such as finances and performance will depend on decisions on GBR design which have not yet been made, as well as future operational decisions made by GBR leaders.

These proposed legislations are also part of wider railway sector reform in Britain, with the Passenger Railway Services (Public Ownership) Act bringing franchised TOCs into public ownership. With so many moving parts to industry reform, it is therefore difficult to isolate the exact impacts on outcomes such as industry finances and passenger experience as a result of these specific proposals.

In addition, these proposals are part of a complete sector transformation that is novel in Britain. While we have looked at international evidence on rail industry structure, this is limited and does not allow for a robust assessment of the size of anticipated impacts. As a result, there is a lack of certainty associated with the expected impacts of these reforms.